

**SCHOOL DISTRICT OF THE
CITY OF HACKENSACK
COUNTY OF BERGEN, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**

**School District
of
Hackensack**

**HACKENSACK BOARD OF EDUCATION
Hackensack, New Jersey**

**Comprehensive Annual Financial Report
Year Ended June 30, 2012**

Comprehensive Annual Financial Report

of the

HACKENSACK BOARD OF EDUCATION
Hackensack, New Jersey

Year Ended June 30, 2012

Prepared by

Mark Kramer
School Business Administrator/Board Secretary

OUTLINE OF CAFR

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INTRODUCTORY SECTION



HACKENSACK PUBLIC SCHOOLS

191 Second Street, Hackensack, NJ 07601 • 201-646-8000
www.hackensackschools.org

September 12, 2012

Honorable President and
Members of the Board of Education
Hackensack School District
Hackensack, New Jersey 07601

Dear Board Members:

The comprehensive annual financial report of the Hackensack School District for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the Basic Financial Statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, required supplementary information, management's discussion and analysis as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Hackensack School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 14. All funds and account groups of the District are included in this report. The Hackensack Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2011-2012 fiscal year with an average daily enrollment of 5,132 students, which is 99 students above the previous year's enrollment. The following details the changes in the student enrollment of the District over the last six years:

Fiscal Year	Average Daily Student Enrollment	Number Change	Percent Change
2006-07	4,949	97	1.99%
2007-08	4,922	-27	-0.05%
2008-09	4,902	-20	-0.04%
2009-10	5,033	131	2.67%
2010-11	5,132	99	1.97%
2011-12	5,224	92	1.79%

2. Major Initiatives 2011 _ 2012

Educational programs, grades Pre-K-12

Many programs were initiated, maintained & developed:

- Expansion of Readers Workshop program into all District Elementary Schools.
- Expanding in-district services options for Special Education students.
- Expansion of school student tutoring for At-Risk students and in preparation for NJ Assessment of Skills & Knowledge grades 3-8 and High School Proficiency Assessment for grade 11.
- Cooperative Discipline and Conflict Resolution programs.
- Early Childhood programs including Pre-School.
- Continue phase-in of Smart Board Instructional Technology.
- Increase student access to state of the art technology across and throughout the curriculum.
- Maintaining current software and infra-structure including Technical support, Internet access and Software applications.
- Expand application of supplement educational software including Pearson Nova Net for the new HHS SAT review 5-credit course.
- Ongoing compliance with building safety initiatives in coordination with law enforcement.
- Additional opportunities for dual-credit (HS/College) programs.
- The new HHS Hackensack Academy for Second Success alternative HS program.
- Program review of K-12 Mathematics, Language Arts, Early Literacy, Social Studies, World Languages, Fine, Performing and Practical Arts, Vocational, Technical, and Career training and Health, Physical Education and Athletics, Business Education, the Sciences, Gifted & Talented programs, and ESL/Bilingual.
- Extracurricular programs and student support programs like nursing, guidance, tutoring and counseling.
- Providing diagnostic tools to assess student attainment (Benchmark Testing, Formative Assessment, and Data Driven Instruction).
- Review and expansion of HHS and HMS course offerings and increasing access to electives.
- Preparation for new NJ mandated High School redesign initiative that includes utilizing assessment tools to prepare for End of Course Assessments in Biology, Algebra 1 and grade 11 Language Arts (HHS).
- Maintenance of moderate elementary class sizes.
- Utilization of benchmark and formative assessments especially in grades 5-8

- Providing instructional materials in preparation for State Mandated Testing.
- State's Anti-Bullying Initiative/Guidelines.

Professional Development for SY 2011 — 2012

Hackensack's teachers were required to launch writer's workshop in September by establishing the workshop structures (mini lesson, independent writing, sharing) and using its tools (mentor texts and student folders or notebooks). Teachers also implemented district developed monthly units of study following the pacing indicated on the district curricular calendar. Teachers monitored students during independent writing by making sure their students were on task as per the daily mini-lesson objective for a particular unit of study while taking notes on individual student progress. They would learn to use the information they gathered as a guide for planning future mini-lessons.

School Level Teams comprised of the principal, assistant principal and literacy coach or content area supervisor continued to meet on a monthly basis to monitor student progress. Teachers met with building principals, department supervisors, literacy coaches and/or math lead teachers on a regular basis to analyze student progress and identify grade level and individual student needs. The district continued to focus on the use of data analysis to monitor student progress and inform instruction.

Teachers learned to use interactive read a-louds to provide models for good writing, build comprehension, and identify students for individual or small group work. Teachers in grades K-4 received additional DRA training and implemented district created units of study, while teachers in grades 5 & 6 worked on developing units of study for Writer's Workshop. Administrators and building principals in all schools designated specific days for professional development and created schedules for full day teacher trainings with substitute coverage provided for classroom teachers.

3. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure the adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

4. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget

approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2012.

5. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

6. FINANCIAL INFORMATION AT FISCAL YEAR-END:

The Board developed its 2011-12 budget under the state's recently new funding formula. An analysis of the expenditures in the financial section of this report will show that the Board was prudent in presenting the community with an accurate picture of educational needs.

7. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT:

The Board completed its thirteenth year as a member of the Northeast Bergen School Board Insurance Group which self-insures workers' compensation and purchases general liability, auto and property insurance on a volume basis.

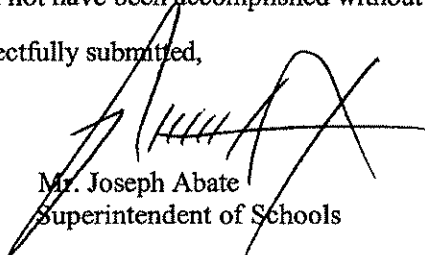
9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkottz, Cerullo & Cuva, and P.A. was selected by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

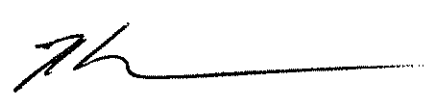
10. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Hackensack School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

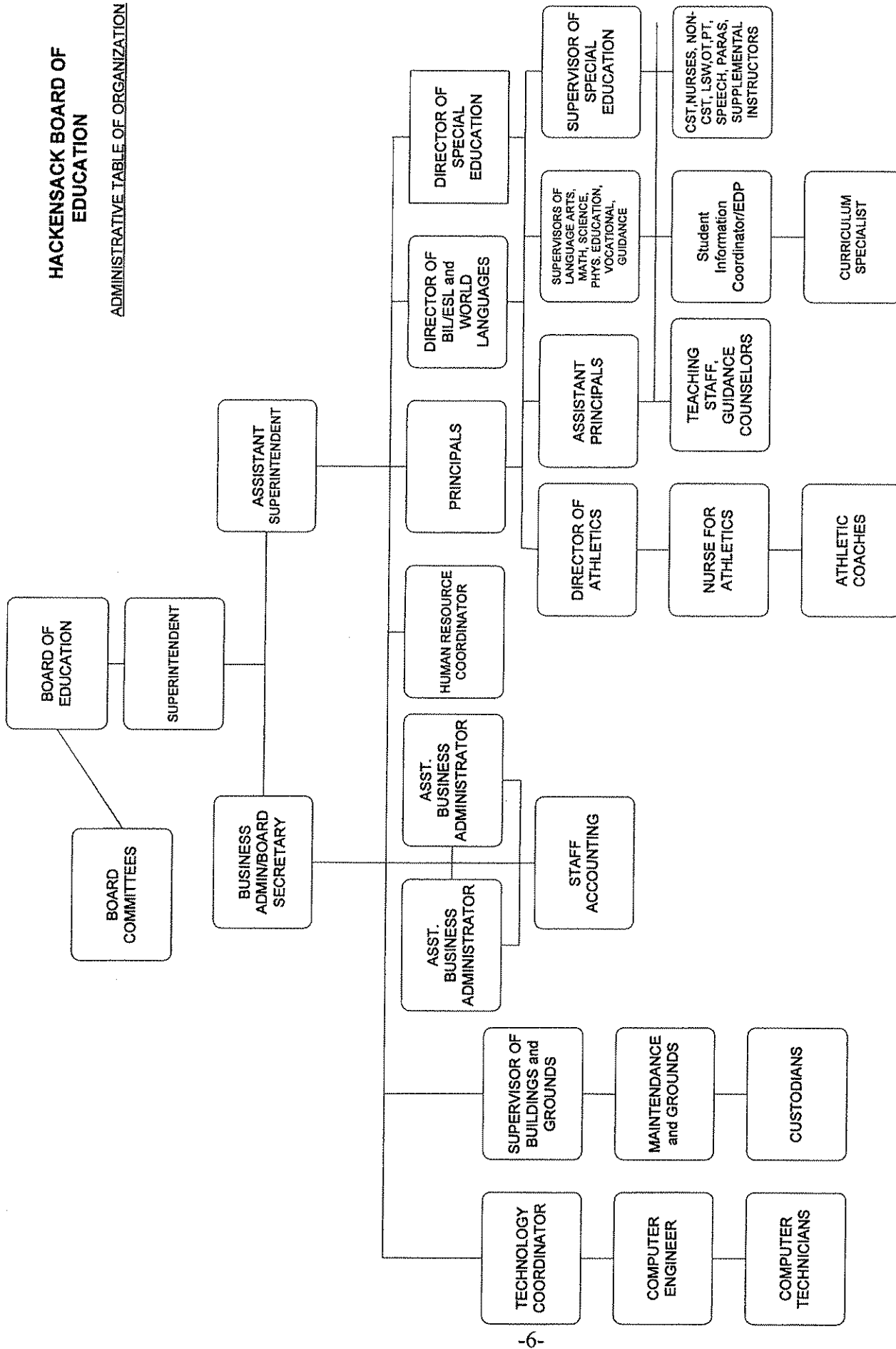


Mr. Joseph Abate
Superintendent of Schools



Mark Kramer
School Business Administrator/
Board Secretary

ADMINISTRATIVE TABLE OF ORGANIZATION



HACKENSACK BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2012

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Veronica Bolcik McKenna, President	2014
Angel Carrion, Vice President	2014
Carol Martinez	2014
Rhonda Williams Bembry	2013
Frank Albolino	2013
Clarissa Gilliam Gardner	2013
Jason Nunnermacker	2015
Kevon Larkins	2015
Mark Stein	2015
Sam Conoscenti, Maywood Representative	2015

Other Officials

Joseph Abate, Superintendent

Rosemary Marks, Assistant Superintendent

Mark Kramer, School Business Administrator/Board Secretary

Tammy Zucca, Treasurer of School Monies

HACKENSACK BOARD OF EDUCATION

CONSULTANTS & ADVISORS

JUNE 30, 2012

Attorney

RICHARD E. SALKIN
Attorney
50 Main Street
Hackensack, New Jersey 07601

Architect of Record

DMR Architects
777 Terrace Ave - Suite 607
Hasbrouck Heights NJ 07604

District Auditor

STEVEN D. WIELKOTZ, C.P.A.
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442

Official Depository

CAPITAL ONE BANK
710 Route 46 E
Fairfield, New Jersey 07004

FINANCIAL SECTION

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Steven D. Wielkottz, CPA, RMA
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INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
City of Hackensack School District
County of Bergen, New Jersey
Hackensack, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of the Board of Education of the City of Hackensack School District, in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Hackensack School District Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund, and the aggregate remaining fund information of the City of Hackensack Board of Education, in the County of Bergen, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Honorable President and
Members of the Board of Education
Page 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2012 on our consideration of the City of Hackensack Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 21 and 54 through 61 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Hackensack Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

October 12, 2012



**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

As management of the City of Hackensack School District (the "School District"), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities of the City of Hackensack School District for the fiscal year ended June 30, 2012.

The management's discussion and analysis is provided at the beginning of the audit to provide an overall review of the past and current position of the School District's financial condition. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service Fund and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- In total, net assets increased \$1,499,562. Net assets of governmental activities increased \$1,430,618 while net assets of business-type activity increased by \$68,944.
- General revenues accounted for \$94,914,466 in revenue or 94 percent of all district revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,359,490 or 6 percent of total revenues of \$101,273,956.
- The School District had \$97,536,097 in expenses related to governmental activities; only \$4,052,372 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$94,914,343 were adequate to provide for these programs.

USING THIS ANNUAL REPORT

This discussion and analysis are intended to serve as an introduction to the City of Hackensack School District's basic financial statements. The City of Hackensack School District's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

USING THIS ANNUAL REPORT, (continued)

District-Wide Financial Statements

The *district-wide financial statements* are designed to provide readers with a broad overview of the City of Hackensack School District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Hackensack School District's assets and liabilities using the accrual basis of accounting, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Hackensack School District is improvement or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the district-wide financial statements distinguish functions of the City of Hackensack School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Hackensack School District include instruction, support services and special schools. The business-type activities of the City of Hackensack School District include the food service program.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Hackensack School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of these funds of the City of Hackensack School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

USING THIS ANNUAL REPORT, (continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflow of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Hackensack School District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund, and debt service fund which are all considered to be major funds.

The City of Hackensack School District adopts annual appropriated budgets for its governmental funds except for the capital projects fund. A budgetary comparison statement has been provided for the general fund, special revenue fund and debt service fund to demonstrate compliance with their budgets.

Proprietary Funds

The City of Hackensack School District maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the district-wide financial statements. The City of Hackensack School District uses enterprise funds to account for its food service program.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the local district services operations.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the district-wide financial statements because the resources of those funds are *not* available to support the City of Hackensack School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

USING THIS ANNUAL REPORT, (continued)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Assets provides the perspective of the District as a whole. Net assets may, over time, serve as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

The School District's net assets were \$20,715,062 at June 30, 2012 and \$19,215,500 (restated) at June 30, 2011. Restricted net assets are reported separately to show legal constraints that limit the School District's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets for 2012 compared to 2011 (Table 1) and change in net assets (Table 2) of the School District.

Table 1

**Net Assets
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>Restated 2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>Restated 2011</u>
Assets						
Current and Other Assets	8,987,182	6,943,959	849,446	652,506	9,836,628	7,596,465
Capital Assets	<u>20,252,774</u>	<u>20,713,318</u>	<u>190,280</u>	<u>156,752</u>	<u>20,443,054</u>	<u>20,870,070</u>
Total Assets	<u>29,239,956</u>	<u>27,657,277</u>	<u>1,039,726</u>	<u>809,258</u>	<u>30,279,682</u>	<u>28,466,535</u>
Liabilities						
Current Liabilities	937,083	394,945	161,935	411	1,099,018	395,356
Noncurrent Liabilities	<u>8,465,602</u>	<u>8,855,679</u>	<u>—</u>	<u>—</u>	<u>8,465,602</u>	<u>8,855,679</u>
Total Liabilities	<u>9,402,685</u>	<u>9,250,624</u>	<u>161,935</u>	<u>411</u>	<u>9,564,620</u>	<u>9,251,035</u>
Net Assets						
Invested in Capital Assets-						
Net of Related Debt	14,383,804	13,922,495	190,280	156,752	14,574,084	14,079,247
Restricted	6,775,148	4,985,228			6,775,148	4,985,228
Unrestricted	<u>(1,321,681)</u>	<u>(501,070)</u>	<u>687,511</u>	<u>652,095</u>	<u>(634,170)</u>	<u>151,025</u>
Total Net Assets	<u>19,837,271</u>	<u>18,406,653</u>	<u>877,791</u>	<u>808,847</u>	<u>20,715,062</u>	<u>19,215,500</u>

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net assets for fiscal year 2012 compared to 2011.

**Table 2
Changes in Net Assets
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program Revenues:						
Charges for Services and						
Sales			428,259	420,974	428,259	420,974
Operating Grants and						
Contributions	4,052,372	3,961,723	1,878,859	1,725,137	5,931,231	5,686,860
Capital Grants and						
Contributions	232,061	106,337			232,061	106,337
General Revenues:						
Taxes:						
Property taxes	67,106,955	64,779,306			67,106,955	64,779,306
Federal and State Aid not						
Restricted	20,398,040	17,246,250			20,398,040	17,246,250
Tuition Received	6,900,539	6,944,414			6,900,539	6,944,414
Miscellaneous Income	275,782	154,399			275,782	154,399
Investment Income	<u>966</u>	<u>58,647</u>	<u>123</u>	<u>78</u>	<u>1,089</u>	<u>58,725</u>
Total Revenues and Transfers	<u>98,966,715</u>	<u>93,251,076</u>	<u>2,307,241</u>	<u>2,146,189</u>	<u>101,273,956</u>	<u>95,397,265</u>

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Functions/Program Expenses						
Instruction:						
Regular	35,664,211	34,070,608			35,664,211	34,070,608
Special Education	8,511,975	7,904,628			8,511,975	7,904,628
Other Special Instruction	2,036,424	2,035,260			2,036,424	2,035,260
Other Instruction	1,361,102	1,224,741			1,361,102	1,224,741
Support Services:						
Tuition	5,872,964	6,533,987			5,872,964	6,533,987
Student & Instruction						
Related Services	13,060,606	12,042,453			13,060,606	12,042,453
School Administrative						
Services	4,253,322	4,554,281			4,253,322	4,554,281
General Administrative						
Services	946,725	1,131,062			946,725	1,131,062
Central Services and						
Info. Tech.	1,565,419	1,518,228			1,565,419	1,518,228
Plant Operations and						
Maintenance	6,644,370	6,949,843			6,644,370	6,949,843
Pupil Transportation	1,914,443	1,609,196			1,914,443	1,609,196
Unallocated Benefits	5,817,476	5,511,656			5,817,476	5,511,656
Allocated Benefits	7,866,070	5,932,855			7,866,070	5,932,855
Charter Schools	881,134	663,317			881,134	663,317
Capital Outlay-						
Non-depreciable	52,665	76,830			52,665	76,830
Interest on Long-Term Debt	206,380	233,263			206,380	233,263
Unallocated depreciation	914,767	686,487			914,767	686,487
Capital Lease Obligations						
and Amortization	(33,956)	1,041,263			(33,956)	1,041,263
Food Service			2,238,297	2,095,850	2,238,297	2,095,850
Total Expenses and Transfers	<u>97,536,097</u>	<u>93,719,958</u>	<u>2,238,297</u>	<u>2,095,850</u>	<u>99,774,394</u>	<u>95,815,808</u>
Increase or (Decrease) in						
Net Assets	<u>1,430,618</u>	<u>(468,882)</u>	<u>68,944</u>	<u>50,339</u>	<u>1,499,562</u>	<u>(418,543)</u>

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business-Type Activities

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$99,774,394. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$67,106,955 because some of the cost was paid by those who benefitted from the programs \$428,259, by other governments and organizations who subsidized certain programs with grants and contributions \$5,931,231, unrestricted federal and state aid \$20,398,040, federal and state aid capital outlay \$232,061, tuition received \$6,900,539, investment income \$1,089, and by miscellaneous sources \$275,782.

The following schedules present a summary of governmental fund revenues and expenditures for the fiscal year ended June 30, 2012, and the amount and percentage of increases/(decreases) relative to the prior year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2011</u>	<u>Percent of Increase/ (Decrease)</u>
Local Source	\$74,288,059	75.0%	\$2,343,082	3.26%
State Source	21,158,521	21.4	2,734,447	14.84
Federal Source	<u>3,520,135</u>	<u>3.6</u>	<u>638,110</u>	<u>22.14</u>
Total	<u>\$98,966,715</u>	<u>100.0</u>	<u>\$5,715,639</u>	6.13%

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2011</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expenditures:				
Instruction	\$42,845,618	44.0%	\$1,910,185	4.67%
Undistributed	53,018,847	54.3	1,807,400	3.53
Debt Service	839,637	0.9	(28,351)	(3.27)
Capital Outlay	<u>764,785</u>	<u>0.8</u>	<u>120,923</u>	<u>18.78</u>
Total	<u>\$97,468,887</u>	<u>100.0%</u>	<u>\$3,810,157</u>	4.07%

Changes in expenditures were the result of varying factors. Current expense undistributed increased due to significant health insurance cost increases combined with increased student special education enrollment.

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law. The most significant budgeted funds are the general fund, the special revenue fund and the debt service fund. The capital projects fund is funded by the bond proceeds and state aid. Therefore no budget is presented.

During the fiscal year ended June 30, 2012, the School District amended the general fund by \$866,800 for increases in federal and state grants and the special revenue fund by \$2,486,225 for increases in federal and state grants.

General Fund

The general fund actual revenue was \$94,115,221. That amount is \$8,242,543 above the final amended budget of \$85,872,678. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$7,334,294 for TPAF pension and social security reimbursements, a \$392,954 excess in miscellaneous anticipated revenues, a \$545,664 excess in extraordinary aid and a \$30,369 deficit in federal aid.

The actual expenditures of the general fund were \$92,344,817 including transfers which is \$5,072,110 above the final amended budget of \$87,272,707. The variance between the actual expenditures and final budget was due to non-budget on-behalf payments of \$7,334,294 for TPAF pension and social security reimbursements, and \$2,262,184 of unexpended budgeted funds.

General fund had total revenues and other financing sources of \$94,115,221 and total expenditures of \$92,344,817 with an ending fund balance of \$8,132,141 on the budgetary basis of accounting.

Special Revenue Fund

The special revenue fund actual revenue was \$4,284,433. That amount is \$1,410,935 below the final amended budget of \$5,695,368. The variance between the actual revenues and the final budget was state and federal grant revenue that was anticipated to be spent by fiscal year end. The state and federal grant revenue will be received/realized in the next fiscal year.

The actual expenditures of the special revenue fund were \$4,284,433, which is \$1,410,935 below the final amended budget of \$5,695,368. The variance between the actual expenditures and the final budget was due to the anticipation of fully expending state and federal grant programs. Expenditures will be incurred in the next fiscal year.

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2012 the School District had \$45,537,008 invested in sites, buildings, equipment and construction in progress. Of this amount \$25,093,954 in depreciation has been taken over the years. We currently have a net book value of \$20,443,054. Total additions for the year were \$502,047, the majority of which was for various technology and office equipment, transportation equipment, food service equipment and improvements to the District's facilities. Table 3 shows fiscal year 2012 balances compared to 2011.

**Table 3
Capital Assets at June 30,
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>Restated 2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>Restated 2011</u>
Land	68,800	68,800			68,800	68,800
Buildings and Improvements	18,948,983	17,758,043	34,187		18,983,170	17,758,043
Furniture, Equipment and Vehicles	1,234,991	1,003,076	156,093	149,691	1,391,084	1,152,767
Construction in Progress		1,952,199		7,061	0	1,959,260
	<u>20,252,774</u>	<u>20,782,118</u>	<u>190,280</u>	<u>156,752</u>	<u>20,443,054</u>	<u>20,938,870</u>

For more detailed information, please refer to the Notes to Basic Financial Statements.

Debt Administration

At June 30, 2012, the District had \$8,465,602 of long-term debt. Of this amount, \$2,596,632 is for compensated absences; \$5,051,648 of serial bonds for school construction; and \$817,322 for obligations under capital leases.

**Table 4
Outstanding Serial Bonds at June 30,**

	<u>2012</u>	<u>2011</u>
2009 Refunding School Improvement Bonds	<u>4,780,000</u>	<u>5,410,000</u>

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The economy in the State of New Jersey is slowly improving. The current State of New Jersey revenue estimates have declined to the point that the legislature and governor have approved a State Aid funding bill for the 2012-2013 school year that is slightly higher than the level of the 2011-2012 school year.

These factors were considered in preparing the City of Hackensack School District's budgets for the 2012-2013 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Hackensack School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Mark Kramer
School Business Administrator
City of Hackensack School District
191 Second Street
Hackensack, NJ 07601

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HACKENSACK BOARD OF EDUCATION
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	4,154,529	703,643	4,858,172
Receivables, net	3,514,299	135,306	3,649,605
Inventory		10,497	10,497
Restricted assets:			
Capital reserve account - cash	1,318,354		1,318,354
Capital assets, net: land and construction in progress	68,800		68,800
Capital assets, net:	20,183,974	190,280	20,374,254
Total Assets	<u>29,239,956</u>	<u>1,039,726</u>	<u>30,279,682</u>
LIABILITIES			
Accounts payable and accrued liabilities	696,308	161,935	858,243
Payable to federal government			-
Payable to state government	141,396		141,396
Deferred revenue	99,379		99,379
Noncurrent liabilities:			
Due within one year	918,992		918,992
Due beyond one year	7,546,610		7,546,610
Total liabilities	<u>9,402,685</u>	<u>161,935</u>	<u>9,564,620</u>
NET ASSETS			
Invested in capital assets, net of related debt	14,383,804	190,280	14,574,084
Restricted for:			
Debt service	367,069		367,069
Capital projects	1,840,166		1,840,166
Other purposes	4,567,913		4,567,913
Unrestricted (Deficit)	<u>(1,321,681)</u>	<u>687,511</u>	<u>(634,170)</u>
Total net assets	<u><u>19,837,271</u></u>	<u><u>877,791</u></u>	<u><u>20,715,062</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

HACKENSACK BOARD OF EDUCATION
Statement of Activities
Fiscal Year Ended June 30, 2012

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	32,198,345	3,465,866		2,773,472		(32,890,739)		(32,890,739)
Special education	7,580,750	931,225				(8,511,975)		(8,511,975)
Other special instruction	1,813,458	222,966				(2,036,424)		(2,036,424)
Other instruction	1,253,065	108,037				(1,361,102)		(1,361,102)
Support services:								
Tuition	5,872,964					(5,872,964)		(5,872,964)
Student & instruction related services	11,976,975	1,083,631				(11,781,706)		(11,781,706)
School administrative services	3,792,230	461,092				(4,253,322)		(4,253,322)
General administrative services	899,140	47,585				(946,725)		(946,725)
Central services and administrative information technology	1,414,568	150,851				(1,565,419)		(1,565,419)
Plant operations and maintenance	6,200,809	443,561				(6,644,370)		(6,644,370)
Pupil transportation	1,914,443					(1,914,443)		(1,914,443)
Allocated benefits	5,817,476					(5,817,476)		(5,817,476)
Unallocated benefits	7,866,070					(7,866,070)		(7,866,070)
Charter schools	881,134					(881,134)		(881,134)
Capital outlay - non-depreciable	52,665					(52,665)		(52,665)
Interest on long-term debt	286,380					(206,380)		(206,380)
Unallocated depreciation	914,767					(914,767)		(914,767)
Capital lease obligations and amortization	(33,956)					33,956		33,956
Total governmental activities	90,621,283	6,914,814	-	4,052,372	-	(93,483,725)	-	(93,483,725)
Business-type activities:								
Food Service	2,238,297		428,259	1,878,859	-		68,821	68,821
Total business-type activities	2,238,297		428,259	1,878,859	-		68,821	68,821
Total primary government	92,859,580		428,259	5,931,231	-	(93,483,725)	68,821	(93,414,904)
General revenues:								
Taxes:								
Levied for general purposes								
Taxes levied for debt service								
Federal and State aid not restricted								
Federal and State aid - Capital Outlay								
Tuition received								
Investment Earnings								
Miscellaneous Income								
Total general revenues, special items, extraordinary items and transfers								
Change in Net Assets								
Net Assets—beginning, restated								
Net Assets—ending								

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

HACKENSACK BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents					
Checking	3,194,559	145,890	447,348	366,732	4,154,529
Accounts Receivable -					
Interfunds				337	337
Intergovernmental - Federal	32,600	270,427			303,027
Intergovernmental - State	1,257,806	9,906	74,801		1,342,513
Other receivables	1,868,759				1,868,759
Restricted cash and cash equivalents					
Capital reserve	1,318,354				1,318,354
Total assets	<u>7,672,078</u>	<u>426,223</u>	<u>522,149</u>	<u>367,069</u>	<u>8,987,519</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	479,177	185,448			664,625
Intergovernmental accounts payable - State		141,396			141,396
Interfund payables			337		337
Deferred revenue		99,379			99,379
Total liabilities	<u>479,177</u>	<u>426,223</u>	<u>337</u>	<u>-</u>	<u>905,737</u>
Fund Balances:					
Restricted for:					
Excess Surplus - current year	1,086,604				1,086,604
Excess Surplus - prior year - designated for					
subsequent year's expenditures	1,363,063				1,363,063
Capital reserve account	1,318,354				1,318,354
Committed to:					
Year-end Encumbrances	262,350				262,350
Assigned to:					
Designated by the BOE for					
subsequent year's expenditures	1,855,896				1,855,896
Capital projects fund			521,812		521,812
Debt service fund				367,069	367,069
Unassigned:					
General fund	1,306,634				1,306,634
Total Fund balances	<u>7,192,901</u>	<u>-</u>	<u>521,812</u>	<u>367,069</u>	<u>8,081,782</u>
Total liabilities and fund balances	<u>7,672,078</u>	<u>426,223</u>	<u>522,149</u>	<u>367,069</u>	

Amounts reported for governmental activities in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$45,152,374 and the accumulated depreciation is \$24,899,600.	20,252,774
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds	(31,683)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(8,465,602)
Net assets of governmental activities	<u>19,837,271</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

HACKENSACK BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources:					
Municipal tax levy	66,302,510			804,445	67,106,955
Tuition charges	6,900,539				6,900,539
Interest Earned on Capital Reserve Funds	966				966
Miscellaneous	275,445	3,817	337		279,599
Total - Local Sources	73,479,460	3,817	337	804,445	74,288,059
State sources	19,828,118	1,330,403			21,158,521
Federal sources	569,922	2,950,213			3,520,135
Total revenues	93,877,500	4,284,433	337	804,445	98,966,715
EXPENDITURES					
Current:					
Regular instruction	29,424,873	2,773,472			32,198,345
Special education instruction	7,580,750				7,580,750
Other special instruction	1,813,458				1,813,458
School sponsored/other instructional	1,253,065				1,253,065
Support services and undistributed costs:					
Tuition	5,872,964				5,872,964
Attendance and social work services	170,564				170,564
Health services	855,428				855,428
Student & instruction related services	9,672,083	1,278,900			10,950,983
School administrative services	3,792,230				3,792,230
General administrative services	899,140				899,140
Central services & administrative information technology	1,414,568				1,414,568
Plant operations and maintenance	6,200,809				6,200,809
Pupil transportation	1,914,443				1,914,443
Allocated benefits	5,817,476				5,817,476
Unallocated benefits	6,914,814				6,914,814
On-behalf contributions	7,334,294				7,334,294
Transfer to charter school	881,134				881,134
Debt service:					
Principal				630,000	630,000
Interest and other charges				209,637	209,637
Capital outlay	532,724	232,061			764,785
Total expenditures	92,344,817	4,284,433	-	839,637	97,468,887
Excess (Deficiency) of revenues	1,532,683	-	337	(35,192)	1,497,828
OTHER FINANCING SOURCES (USES)					
Transfers in	313,452		280,634	129,150	723,236
Transfers out	(280,634)		(442,602)		(723,236)
Total other financing sources and uses	32,818	-	(161,968)	129,150	-
Net change in fund balances	1,565,501	-	(161,631)	93,958	1,497,828
Fund balance—July 1	5,627,400	-	683,443	273,111	6,583,954
Fund balance—June 30	7,192,901	-	521,812	367,069	8,081,782

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

HACKENSACK BOARD OF EDUCATION
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Fiscal Year Ended June 30, 2012

Total net change in fund balances - governmental funds (from B-2) 1,497,828

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	(914,767)	
Depreciable Capital outlays	454,223	
		(460,544)

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

In the current year, these amounts consist of:

General Bond Obligations - Principal	630,000	
Capital Lease Obligations - Principal	257,897	
		887,897

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

Amortization Expense - Premium

Amortization Expense - Cost of Issuance

Amortization Expense - Premium	42,157	
Amortization Expense - Cost of Issuance	(8,201)	
		33,956

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)

General Bond Obligations - Prior Year

General Bond Obligations

General Bond Obligations - Prior Year	34,940	
General Bond Obligations	(31,683)	
		3,257

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Increase in compensated absences payable		(531,776)
--	--	-----------

Change in net assets of governmental activities

1,430,618

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

HACKENSACK BOARD OF EDUCATION
Statement of Net Assets
Proprietary Funds
June 30, 2012

**Business-type
Activities -
Enterprise Fund**

**Food Service
Program**

ASSETS

Current assets:

Cash and cash equivalents	703,643
---------------------------	---------

Accounts receivable:

State	4,162
-------	-------

Federal	130,511
---------	---------

Other	633
-------	-----

Inventories	10,497
-------------	--------

Total current assets	849,446
----------------------	---------

Noncurrent assets:

Capital assets:

Building and building improvements	34,474
------------------------------------	--------

Equipment	350,160
-----------	---------

Less accumulated depreciation	(194,354)
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Total capital assets (net of accumulated depreciation)	190,280
--	---------

Total assets	1,039,726
--------------	-----------

Current Liabilities:

Accounts Payable	161,935
------------------	---------

Total Liabilities	161,935
-------------------	---------

NET ASSETS

Invested in capital assets net of related debt	190,280
--	---------

Unrestricted	687,511
--------------	---------

Total net assets	877,791
------------------	---------

Exhibit B-5

HACKENSACK BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Fiscal Year Ended June 30, 2012

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Food Service Program</u>
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	278,482
Daily sales - non-reimbursable programs	149,777
Total operating revenues	<u>428,259</u>
 Operating expenses:	
Cost of sales	991,493
Salaries	594,864
Supplies and materials	95,389
Employee benefits	199,187
Depreciation expense	14,296
Repairs and other expenses	109,492
Purchased services	232,147
CCD Fees	1,429
Total Operating Expenses	<u>2,238,297</u>
Operating income (loss)	<u>(1,810,038)</u>
 Nonoperating revenues (expenses):	
State sources:	
School lunch program	25,763
Snack program	32,593
Federal sources:	
National school lunch program	1,081,046
Breakfast program	669,259
U.S.D.A. Commodities	70,198
Interest Income	123
Total nonoperating revenues (expenses)	<u>1,878,982</u>
Income (loss) before contributions & transfers	<u>68,944</u>
 Total net assets—beginning	<u>808,847</u>
Total net assets—ending	<u><u>877,791</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

HACKENSACK BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2012

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Food Service Program</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	428,259
Payments to suppliers	<u>(1,988,780)</u>
Net cash provided by (used for) operating activities	<u>(1,560,521)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Sources	59,810
Federal Sources	1,752,686
Interest Income	<u>123</u>
Net cash provided by (used for) non-capital financing activities	<u>1,812,619</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Building and building improvements	(34,474)
Acquisition of capital assets	<u>(13,350)</u>
Net cash provided by (used for) capital and related financing activities	<u>(47,824)</u>
Net increase (decrease) in cash and cash equivalents	<u>204,274</u>
Balances—beginning of year	<u>499,369</u>
Balances—end of year	<u><u>703,643</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	(1,810,038)
Adjustments to reconcile operating income (loss) to net cash provided by	
Depreciation and net amortization	14,296
Food Distribution Program	70,198
(Increase) decrease in accounts receivable, net	1,178
(Increase) decrease in inventories	2,321
Increase (decrease) in accounts payable	<u>161,524</u>
Total adjustments	<u>249,517</u>
Net cash provided by (used for) operating activities	<u><u>(1,560,521)</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

HACKENSACK BOARD OF EDUCATION
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	<u>Unemployment Compensation Trust Fund</u>	<u>Scholarship and Memorial Funds</u>	<u>Agency Fund</u>
ASSETS			
Cash and cash equivalents	108,987	141,745	690,583
Total assets	<u>108,987</u>	<u>141,745</u>	<u>690,583</u>
LIABILITIES			
Payable to student groups			224,532
Due to State of NJ - Unemployment	51,251		
Payroll deductions and withholdings			466,051
Total liabilities	<u>51,251</u>	<u>-</u>	<u>690,583</u>
NET ASSETS			
Held in trust for unemployment claims and other purposes	<u>57,736</u>		
Reserved for scholarships		<u>141,745</u>	
	<u>108,987</u>	<u>141,745</u>	

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

HACKENSACK BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Fiscal Year Ended June 30, 2012

	Unemployment Compensation Trust Fund	Scholarship and Memorial Funds
ADDITIONS		
Contributions:		
Donations		12,325
Payroll withholdings	75,131	
Budget contributions	319,136	
Total Contributions	<u>394,267</u>	<u>12,325</u>
Investment earnings:		
Interest	71	900
Net investment earnings	<u>71</u>	<u>900</u>
Total additions	<u>394,338</u>	<u>13,225</u>
DEDUCTIONS		
Unemployment claims	295,546	
Scholarships awarded		29,594
Total deductions	<u>295,546</u>	<u>29,594</u>
Change in net assets	<u>98,792</u>	<u>(16,369)</u>
Net assets—beginning of the year	<u>(41,056)</u>	<u>158,114</u>
Net assets—end of the year	<u><u>57,736</u></u>	<u><u>141,745</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY:

The Board of Education ("Board") of the City of Hackensack School District ("District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The City of Hackensack School District is a Type II district located in the County of Bergen, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members and a Borough of Maywood Representative, all elected to three-year terms. The purpose of the District is to educate students in grades K-12. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization's board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Board of Education of the City of Hackensack School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Board also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the board's accounting policies are described below.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

A. Basis of Presentation:

The Board's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

District-wide Financial Statements:

The statement of net assets and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds: -33-

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

GOVERNMENTAL FUNDS: (continued)

General Fund - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

PROPRIETARY FUNDS: (continued)

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Fund is comprised of the Food Service Fund.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net assets and changes in net assets. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include Unemployment Compensation Insurance, the Memorial Funds, Student Activities Fund and Payroll Agency Fund.

B. Measurement Focus:

District-wide Financial Statements

The District-wide statements (i.e., the statement of net assets and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net assets, except for fiduciary funds.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payments for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

E. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

F. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

G. Tuition Revenues/Receivable:

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

H. Inventories:

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Short-Term Interfund Receivables/Payables:

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net assets and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

L. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

M. Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

N. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

O. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

O. Fund Balances: (continued)

- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

P. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Q. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

R. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

S. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were not allocated. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

T. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS:

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2012, \$-0- of the District's bank balance of \$8,110,420 was exposed to custodial credit risk.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (continued)

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

NOTE 4. RECEIVABLES:

Receivables at June 30, 2012, consisted of accounts receivable and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise <u>Fund</u>	District Wide Financial <u>Statements</u>
Interfunds	\$337		
State Aid	1,342,513	\$4162	\$1,346,675
Federal Aid	303,027	130,511	433,538
Other	<u>1,868,759</u>	<u>633</u>	<u>1,869,392</u>
Gross Receivables	3,514,636	135,306	3,649,605
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u>\$3,514,636</u>	<u>\$135,306</u>	<u>\$3,649,605</u>

NOTE 5. INTERFUND BALANCE AND ACTIVITY:

Balances due to/from other funds at June 30, 2012 consist of the following:

\$337 Due to the Debt Service Fund from the Capital Projects Fund for interest earnings FY12.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012

NOTE 5. INTERFUND BALANCE AND ACTIVITY: (continued)

Interfund transfers for the year ended June 30, 2012 consisted of the following:

\$128,813	from the Capital Projects Fund to the Debt Service Fund for unexpended project funds.
337	from the Capital Projects Fund to the Debt Service Fund for interest earnings.
<u>313,452</u>	from the Capital Projects Fund to the General Fund for unexpended projects funds.
<u>\$442,602</u>	

NOTE 6. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Restated Balance 6/30/2011	Additions	Deletions	Balance 6/30/2012
Governmental Activities				
Capital assets that are not being depreciated:				
Land	\$68,800	\$	\$	\$68,800
Construction in progress	<u>1,883,399</u>		<u>(1,883,399)</u>	
Total capital assets not being depreciated	<u>1,952,199</u>		<u>(1,883,399)</u>	<u>68,800</u>
Building and building improvements	39,342,404		1,883,399	41,225,803
Machinery and equipment	<u>3,403,548</u>	<u>454,223</u>		<u>3,857,771</u>
Totals at historical cost	<u>42,745,952</u>	<u>454,223</u>	<u>1,883,399</u>	<u>45,083,574</u>
Less accumulated depreciation for:				
Buildings and improvements	(21,584,361)	(692,459)		(22,276,820)
Equipment	<u>(2,400,472)</u>	<u>(222,308)</u>		<u>(2,622,780)</u>
Total accumulated depreciation	<u>(23,984,833)</u>	<u>(914,767)</u>		<u>(24,899,600)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>18,761,119</u>	<u>(460,544)</u>	<u>1,883,399</u>	<u>20,183,974</u>
Governmental activities capital assets, net	<u>\$20,713,318</u>	<u>(\$460,544)</u>	<u>\$</u>	<u>\$20,252,774</u>
Business-type activities:				
Capital assets that are not being depreciated:				
Construction in progress	<u>7,061</u>		<u>(7,061)</u>	
Total capital assets not being depreciated	<u>7,061</u>		<u>(7,061)</u>	
Building and Building improvements		34,474		34,474
Equipment	<u>329,749</u>	<u>13,350</u>	<u>7,061</u>	<u>350,160</u>
Totals at historical cost	<u>329,749</u>	<u>47,824</u>	<u>7,061</u>	<u>384,634</u>
Less accumulated depreciation for:				
Building and building improvements		(287)		(287)
Equipment	<u>(180,058)</u>	<u>(14,009)</u>		<u>(194,067)</u>
	<u>(180,058)</u>	<u>(14,296)</u>		<u>(194,354)</u>
Business-type activities capital assets, net	<u>\$156,752</u>	<u>\$33,528</u>	<u>\$</u>	<u>\$190,280</u>

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as "unallocated depreciation".

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012

NOTE 7. LONG-TERM OBLIGATION ACTIVITY:

Advance and Current Refundings of Debt

On September 9, 2009, the District issued \$5,550,000 in School District Refunding Bonds having an interest rate of 2.00% to 5.00%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of various School District Bonds of the District. The total bond principal defeased was \$5,418,000 and the total interest payments defeased was \$529,800. The net proceeds of \$5,889,561 (after payment of underwriting fees, insurance and other insurance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance of refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$82,005. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued.

Changes in long-term obligations for the fiscal year ended June 30, 2012 were as follows:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Amount Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$5,410,000	\$	(\$630,000)	\$4,780,000	\$620,000
Add:					
Unamortized Premium	379,408		(42,157)	337,251	42,157
Less:					
Unamortized Amount on Refunding	<u>(73,804)</u>	<u> </u>	<u>8,201</u>	<u>(65,603)</u>	<u>(8,201)</u>
	<u>5,715,604</u>	<u> </u>	<u>(663,956)</u>	<u>5,051,648</u>	<u>653,956</u>
Other Liabilities:					
Obligations Under Capital Lease	1,075,219		(257,897)	817,322	265,036
Compensated Absences Payable	<u>2,064,856</u>	<u>703,479</u>	<u>(171,703)</u>	<u>2,596,632</u>	<u> </u>
Total	<u>3,140,075</u>	<u>703,479</u>	<u>(429,600)</u>	<u>3,413,954</u>	<u>265,036</u>
	<u>\$8,855,679</u>	<u>\$703,479</u>	<u>(\$1,093,556)</u>	<u>\$8,465,602</u>	<u>\$918,992</u>

A. Bonds and Loans Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligations bonds.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012

NOTE 7. LONG-TERM OBLIGATION ACTIVITY: (continued)

Outstanding bonds payable at June 30, 2012, consisted of the following:

<u>Issue</u>	<u>Amount Issued</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Balance June 30, 2012</u>
School Improvement Bonds 2009	\$5,550,000	09/09/2009	2.00%-5.00%	05/01/2020	<u>\$4,780,000</u>

Principal and interest due on serial bonds outstanding is as follows:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2013	\$810,100	\$620,000	\$190,100
2014	783,863	615,000	168,863
2015	758,025	610,000	148,025
2016	725,525	595,000	130,525
2017	696,663	585,000	111,663
2018-2020	<u>1,923,888</u>	<u>1,755,000</u>	<u>168,888</u>
	<u>\$5,698,064</u>	<u>\$4,780,000</u>	<u>\$918,064</u>

B. Capital Leases Payable:

The District is leasing various equipment including a roof replacement, science lab renovations, lab equipment, furniture, fixtures and flooring, security cameras and digital video recorders and smart boards and computers under capital leases. All capital leases are for terms of five years. The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2012:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$265,036	\$20,663	\$285,699
2014	272,373	13,325	285,698
2015	<u>279,913</u>	<u>5,785</u>	<u>285,698</u>
	<u>\$817,322</u>	<u>\$39,773</u>	<u>\$857,095</u>

Total minimum lease payments	\$857,095
Less: Amount representing interest	<u>(39,773)</u>
Present value of lease payments	<u>\$817,322</u>

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 8. OPERATING LEASES:

The District has commitments to lease certain office equipment under operating leases that expire in 2012. Total operating lease payments made during the year ended June 30, 2012 were \$273,572. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$267,382
2014	230,541
2015	127,259
2016	<u>10,605</u>
	<u>\$635,787</u>

NOTE 9. PENSION PLANS:

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at: http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012

NOTE 9. PENSION PLANS: (continued)

Contribution Requirements - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 5.5% for TPAF of the employee's annual compensation. Pursuant to the provisions of Chapter 78, P.L. 2011, this amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning in the first year. For fiscal year 2012, the member rate will increase in October 2011. The phase in will take place on July 1 of each subsequent fiscal year. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

The Board's contribution to PERS, equal to the required contributions for each year, were as follows:

<u>Year</u> <u>Ending</u>	
6/30/12	\$1,112,294
6/30/11	992,447
6/30/10	744,104

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits were as follows:

<u>Year</u> <u>Ending</u>	<u>Pension</u> <u>Contributions</u>	<u>Post-Retirement</u> <u>Medical</u> <u>Contributions</u>	<u>NCGI</u> <u>Premium</u>
6/30/12	\$1,241,198	\$2,762,894	\$133,197
6/30/11		2,720,836	128,099
6/30/10		2,594,634	138,149

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 9. PENSION PLANS: (continued)

During the year ended June 30, 2012, the State of New Jersey contributed \$4,137,289 to the TPAF for NCGI Premium contributions, pension contributions and post-retirement medical benefits on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$3,197,005 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the district-wide financial statements, and the fund-based statements as revenues and expenditures in accordance with GASB 24.

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The program provides eligible members with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS. A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

The Board has employees who do not meet the requirements to join PERS or TPAF but hold a professional license or certificate and qualify for DCRP pursuant to foregoing requirements.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 10. POST-RETIREMENT BENEFITS:

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits and the State contributed \$935.5 million on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2011, the State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members.

NOTE 11. DEFERRED COMPENSATION:

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Equitable	The Travelers
Plan Compliance Group	Valic
American United Life	Met Life
Phoenix Home Life	Great West
Safeco Life Insurance Co.	TIAA - CREF

NOTE 12. RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012

NOTE 12. RISK MANAGEMENT: (continued)

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$319,207	\$75,131	\$295,546	\$57,736
2010-2011	178,439	71,618	301,577	(41,056)
2009-2010	442	74,225	140,014	10,464

NOTE 13. CAPITAL RESERVE ACCOUNT:

A capital reserve account was established by the City of Hackensack Board of Education by inclusion of \$1,100,125 on October 12, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. There existed a balance of \$1,318,354 in the capital reserve account at June 30, 2012.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amount when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012

NOTE 13. CAPITAL RESERVE ACCOUNT: (continued)

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning balance, July 1, 2011	\$1,003,936
Deposits:	
Transfer from Capital Projects	313,452
Interest Earnings	<u>966</u>
Ending balance, June 30, 2012	<u><u>\$1,318,354</u></u>

NOTE 14. FUND BALANCE APPROPRIATED:

General Fund [Exhibit B-1] - Of the \$7,192,901 General Fund fund balance at June 30, 2012, \$262,350 is reserved for encumbrances; \$2,449,667 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$1,363,063 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2013; \$1,318,354 has been reserved in the Capital Reserve Account; \$1,855,896 of unreserved and undesignated has been appropriated and included as anticipated revenue for the year ending June 30, 2013; and \$1,306,634 is unreserved and undesignated.

Debt Service Fund - The Debt Service Fund balance at June 30, 2012 of \$367,069 is unreserved and undesignated.

NOTE 15. CALCULATION OF EXCESS SURPLUS:

In accordance with N.J.S.A. 18A:7F-7, the designation for Reserved Fund Balance — Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012 is \$2,449,667 of which \$1,086,604 is the result of current year operations.

NOTE 16. INVENTORY:

Inventory in the Food Service Fund at June 30, 2012 consisted of the following:

Food	\$6,677
Supplies	<u>3,820</u>
	<u><u>\$10,497</u></u>

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012

NOTE 16. INVENTORY: (continued)

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

NOTE 17. CONTINGENT LIABILITIES:

Grant Programs - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation - The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

NOTE 18. RETROACTIVE RESTATEMENT DUE TO UPDATED CAPITAL ASSETS SCHEDULE

During fiscal year 2011, the District entered into new capital leases for roof replacement, science lab renovations, lab equipment, furniture, fixtures and flooring, security cameras and digital video recorders and SMART boards and computers. The current year expense incurred for the lease obligation was included as construction in progress on the capital asset schedule rather than the entire amount of the lease. The following adjustments were made to the Governmental Activities on the Statement of Net Assets as of June 30, 2011:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Restatement</u>	<u>Restated</u> <u>Balance</u> <u>June 30, 2011</u>
Assets:			
Capital assets, net: land and construction in progress	\$883,695	\$1,068,504	\$1,952,199
Total Assets	26,588,773	1,068,504	27,657,277
Net Assets:			
Invested in capital assets, net of related debt	12,853,991	1,068,504	13,922,495
Total Net Assets	17,338,149	1,068,504	18,406,653

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
General Fund:					
Revenues from Local Sources:					
Local Tax Levy	66,302,510		66,302,510	66,302,510	
Tuition	6,479,885		6,479,885	6,900,539	420,654
Interest Earned on Capital Reserve Funds	2,101		2,101	966	(1,135)
Unrestricted Miscellaneous Revenues	302,010		302,010	275,445	(26,565)
Total - Local Sources	73,086,506		73,086,506	73,479,460	392,954
Revenues from State Sources:					
Categorical Special Education Aid	2,582,040		2,582,040	2,582,040	
Equalization Aid	8,201,770	852,071	9,053,841	9,053,841	
Extraordinary Aid	550,000		550,000	1,095,664	545,664
On-behalf TPAF Pension and Post Retirement					
Medical Contributions (non-budgeted)				4,004,092	4,004,092
On-behalf TPAF Pension NCGI Premium				133,197	133,197
Reimbursed TPAF Social Security Contributions (non-budgeted)				3,197,005	3,197,005
Total - State Sources	11,333,810	852,071	12,185,881	20,065,839	7,879,958
Revenues from Federal Sources:					
Special Education Medicaid Initiative	115,393		115,393	85,024	(30,369)
Education Jobs Fund	470,169	14,729	484,898	484,898	
Total - Federal Sources	585,562	14,729	600,291	569,922	(30,369)
TOTAL REVENUES	85,005,878	866,800	85,872,678	94,115,221	8,242,543
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool/Kindergarten - Salaries of Teachers	965,415	(64,074)	901,341	897,699	3,642
Grades 1-5 - Salaries of Teachers	9,776,414	(197,952)	9,578,462	9,578,462	
Grades 6-8 - Salaries of Teachers	6,334,831	163,878	6,498,709	6,498,709	
Grades 9-12 - Salaries of Teachers	9,222,018	265,810	9,487,828	9,487,828	
Regular Programs - Home Instruction:					
Salaries of Teachers	400,000	(22,348)	377,652	377,652	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	1,046,818	132,531	1,179,349	1,179,349	
Purchased Professional - Educational Services	40,000	(37,531)	2,469	2,469	
Purchased Technical Services		47,450	47,450	19,204	28,246
Other Purchased Services (400-500 series)	376,343	28,654	404,997	362,185	42,812
General Supplies	833,483	20,625	854,108	828,286	25,822
Textbooks	150,000	57,933	207,933	181,226	26,707
Other Objects	16,000	(1,808)	14,192	11,804	2,388
TOTAL REGULAR PROGRAMS - INSTRUCTION	29,161,322	393,168	29,554,490	29,424,873	129,617
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	659,956	(323,858)	336,098	336,098	
Other Salaries for Instruction	458,710	(279,393)	179,317	178,943	374
General Supplies	1,500	20	1,520	1,400	120
Textbooks	500		500	461	39
Total Learning and/or Language Disabilities	1,120,666	(603,231)	517,435	516,902	533
Multiple Disabilities					
Salaries of Teachers	346,360	130,677	477,037	476,528	509
Other Salaries for Instruction	484,390	(86,008)	398,382	396,924	1,458
General Supplies	7,000	(1,350)	5,650	1,886	3,764
Textbooks	5,000		5,000		5,000
Total Multiple Disabilities	842,750	43,319	886,069	875,338	10,731
Resource Room/Resource Center:					
Salaries of Teachers	4,268,200	108,439	4,376,639	4,376,639	
Other Salaries for Instruction	841,690	19,330	861,020	826,105	34,915
General Supplies	26,385	(4,090)	22,295	20,008	2,287
Textbooks	16,000	(2,000)	14,000	4,055	9,945
Total Resource Room/Resource Center	5,152,275	121,679	5,273,954	5,226,807	47,147
Preschool Disabilities - Part-Time:					
Salaries of Teachers	275,805	265,266	541,071	541,071	
Other Salaries for Instruction	253,830	(37,017)	216,813	216,740	73
Other Purchased Services (400-500 Series)	15,000	(3,000)	12,000		12,000
General Supplies	4,000	3,000	7,000	5,524	1,476
Total Preschool Disabilities - Part Time	548,635	228,249	776,884	763,335	13,549
Preschool Disabilities- Full-Time:					
Salaries of Teachers	300,275	(300,275)			
Other Salaries for Instruction	216,000	(30,000)	186,000	179,413	6,587
General Supplies	5,495	(300)	5,195	3,796	1,399
Total Preschool Disabilities - Full-Time	521,770	(330,575)	191,195	183,209	7,986

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Home Instruction					
Purchased Professional - Educational Services		15,948	15,948	15,159	789
Total Home Instruction		15,948	15,948	15,159	789
TOTAL SPECIAL EDUCATION - INSTRUCTION	8,186,096	(524,611)	7,661,485	7,580,750	80,735
Bilingual Education - Instruction					
Salaries of Teachers	1,990,391	(188,163)	1,802,228	1,802,228	
Other Salaries for Instruction	121,294	(120,920)	374	337	37
General Supplies	20,710	4,970	25,680	8,743	16,937
Textbooks	15,000	(6,850)	8,150	2,150	6,000
Total Bilingual Education - Instruction	2,147,395	(310,963)	1,836,432	1,813,458	22,974
School-Sponsored Cocurricular Activities - Instruction					
Salaries	85,087	22,949	108,036	102,539	5,497
Purchased Services (300-500 series)	11,250	(791)	10,459	6,320	4,139
Supplies and Materials	68,610	(6,919)	61,691	40,788	20,903
Other Objects	8,446	(5,066)	3,380	1,338	2,042
Total School-Sponsored Cocurricular Activities - Instruction	173,393	10,173	183,566	150,985	32,581
School-Sponsored Athletics - Instruction					
Salaries	572,518	170,770	743,288	743,288	
Purchased Services (300-500 series)	220,059	(5,332)	214,727	214,727	
Supplies and Materials	102,529	(2,988)	99,541	99,541	
Other Objects	17,000	(70)	16,930	16,930	
Total School-Sponsored Athletics - Instruction	912,106	162,380	1,074,486	1,074,486	
Before/After School Programs - Instruction					
Salaries of Teachers		27,594	27,594	27,594	
Total Before/After School Programs Instruction		27,594	27,594	27,594	
TOTAL INSTRUCTION	40,580,312	(242,259)	40,338,053	40,072,146	265,907
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular		39,385	39,385	39,385	
Tuition to Other LEAs Within the State - Special	591,165	(46,000)	545,165	462,306	82,859
Tuition to County Voc. School Dist. - Regular	427,710	(9,192)	418,518	409,758	8,760
Tuition to County Voc. School Dist. - Special					
Tuition to CSSD & Regional Day Schools	2,703,526	111,000	2,814,526	2,746,112	68,414
Tuition to Private Schools for the Handicapped - Within State	2,335,287	(13,708)	2,321,579	2,165,361	156,218
Tuition - State Facilities	50,042		50,042	50,042	
Total Undistributed Expenditures - Instruction:	6,107,730	81,485	6,189,215	5,872,964	316,251
Undistributed Expend. - Attend. & Social Work					
Salaries	143,573	5,833	149,406	149,373	33
Purchased Professional and Technical Services	30,000	(3,500)	26,500	21,191	5,309
Total Undistributed Expend. - Attend. & Social Work	173,573	2,333	175,906	170,564	5,342
Undist. Expend. - Health Services					
Salaries	851,428	(9,889)	841,539	841,538	1
Purchased Professional and Technical Services	1,600		1,600		1,600
Other Purchased Services (400-500 series)	1,200		1,200	199	1,001
Supplies and Materials	12,000	4,027	16,027	13,691	2,336
Total Undistributed Expenditures - Health Services	866,228	(5,862)	860,366	855,428	4,938
Undist. Expend. - Speech, OT, PT & Related Svcs.					
Salaries	1,303,983	(22,202)	1,281,781	1,262,956	18,825
Purchased Prof. Services-Educational Services	555,750	(52,511)	503,239	491,317	11,922
Supplies and Materials	4,100	(506)	3,594	2,742	852
Total Undist. Expend. - Speech, OT, PT, & Related Svcs	1,863,833	(75,219)	1,788,614	1,757,015	31,599
Undist. Expend. - Other Supp. Serv. Students-Extra Serv.					
Salaries	854,901	796,995	1,651,896	1,651,686	210
Purchased Prof. Services-Educational Services	490,376	(26,212)	464,164	397,818	66,346
Supplies and Materials	5,332	(4,088)	1,244	1,244	
Total Undist. Expend. - Other Supp. Serv. Students-Extra Svcs.	1,350,609	766,695	2,117,304	2,050,748	66,556
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	778,725	58,600	837,325	837,325	
Salaries of Secretarial and Clerical Assistants	43,965		43,965	43,965	
Other Purchased Professional and Technical Services		300	300	186	114
Other Purchased Services (400-500 series)		464	464	464	
Supplies and Materials	35,700	(1,551)	34,149	13,493	20,656
Other Objects	6,000	(1,526)	4,474	4,390	84
Total Undist. Expend. - Guidance	864,390	56,287	920,677	899,823	20,854

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	2,799,815	92,528	2,892,343	2,892,343	
Salaries of Secretarial and Clerical Assistants	262,038		262,038	262,038	
Purchased Prof. Services-Educational Services	150,000	(27,629)	122,371	60,168	62,203
Other Purchased Professional and Technical Services	7,411	(7,411)			
Misc. Pur Services (400-500 Series)	5,700	(400)	5,300	2,749	2,551
Supplies and Materials	40,432	4,014	44,446	42,066	2,380
Other Objects	2,334		2,334	399	1,935
Total Undist. Expend. - Child Study Teams	3,267,730	61,102	3,328,832	3,259,763	69,069
Undist. Expend. - Improvement of Instructional Services					
Salaries of Supervisors of Instruction	152,037	(55,803)	96,234	96,234	
Salaries of Other Professional Staff		30,214	30,214	30,214	
Salaries of Secretarial and Clerical Assistants	100,273		100,273	100,273	
Purchased Prof-Ed Services	6,000	(317)	5,683	5,683	
Other Purch Services (400-500)	2,000	72	2,072	1,120	952
Supplies and Materials	38,500	28,450	66,950	52,424	14,526
Other Objects	7,000	(7,000)			
Total Undist. Expend. - Improvement of Inst. Services	305,810	(4,384)	301,426	285,948	15,478
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	691,773	(136,813)	554,960	553,813	1,147
Other Purch Services (400-500)		537	537	358	179
Supplies and Materials	70,000	(5,706)	64,294	62,098	2,196
Total Undist. Expend. - Educational Media Serv./Sch. Library	761,773	(141,982)	619,791	616,269	3,522
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	778,607	(78,457)	700,150	700,149	1
Salaries-Other Prof. Staff					
Other Salaries		44,454	44,454	38,827	5,627
Purchased Professional - Educational Service	20,000	(6,431)	13,569	13,459	110
Other Purchased Services (400-500 series)	11,700	2,671	14,371	13,662	709
Supplies and Materials	25,000	1,392	26,392	26,392	
Other Objects	15,000	(4,200)	10,800	10,028	772
Total Undist. Expend. - Instructional Staff Training Serv.	850,307	(40,571)	809,736	802,517	7,219
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	537,336	(145,625)	391,711	384,696	7,015
Legal Services	90,000	64,232	154,232	142,262	11,970
Audit Fees	48,000	42,500	90,500	45,500	45,000
Other Purchased Professional Services	50,000	32,243	82,243	45,901	36,342
Purchased Technical Services		10,100	10,100	6,866	3,234
Communications/Telephone	240,000	(1,454)	238,546	205,833	32,713
BOE Other Purchased Services	12,250	(11,250)	1,000		1,000
Other Purch Services (400-500 Series)	10,000	(10,000)			
General Supplies	15,000	(2,440)	12,560	9,021	3,539
BOE In-House Training/Meeting Supplies	15,000	(14,000)	1,000		1,000
Judgements against the School District		16,357	16,357	16,357	
Misc. Expenditures	20,193	(4,857)	15,336	13,016	2,320
BOE Membership Dues and Fees	30,000		30,000	29,688	312
Total Undist. Expend. - Supp. Serv. - General Administration	1,067,779	(24,194)	1,043,585	899,140	144,445
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	1,980,106	649,852	2,629,958	2,629,958	
Salaries of Secretarial and Clerical Assistants	994,008	103,718	1,097,726	1,097,726	
Other Purchased Services (400-500 series)	28,600	(17,849)	10,751	4,532	6,219
Supplies and Materials	95,388	(32,046)	63,342	54,430	8,912
Other Objects	25,000	(14,000)	11,000	5,584	5,416
Total Undist. Expend. - Support Serv. - School Administration	3,123,102	689,675	3,812,777	3,792,230	20,547
Undist. Expend. - Support Serv. - Central Services					
Salaries	592,348	177,831	770,179	770,177	2
Purchased Professional Services	20,000	(10,000)	10,000		10,000
Purchased Technical Services	80,000	(53,500)	26,500	16,690	9,810
Misc. Pur Services (400-500 Series)	5,000	19,190	24,190	17,838	6,352
Supplies and Materials	20,313		20,313	8,958	11,355
Interest on Lease Purchase Agreement	31,400	(3,000)	28,400	27,802	598
Misc. Expenditures	12,500	1,000	13,500	8,989	4,511
Total Undist. Expend. - Support Serv. - Central Services	761,561	131,521	893,082	850,454	42,628
Undist. Expend. - Admin Info. Technology					
Information Technology					
Salaries	413,492	35,881	449,373	449,373	
Purchased Technical Services	75,000	21,525	96,525	95,633	892
Other Purch Services (400-500 Series)		2,810	2,810	800	2,010
Supplies and Materials	30,000	(9,700)	20,300	18,308	1,992
Other Objects	500		500		500
Total Undist. Expend. - Support Serv. - Administrative Information Technology	518,992	50,516	569,508	564,114	5,394

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Required Maint. for School Facilities (261)					
Salaries	198,652	8,041	206,693	206,693	
Cleaning, Repair and Maintenance Services	562,159	(126,932)	435,227	374,536	60,691
General Supplies	100,000	20,500	120,500	84,809	35,691
Undist. Expend. - Required Maint. for School Facilities	860,811	(98,391)	762,420	666,038	96,382
Undist. Expend. - Oth. Oper. & Maint. of Plant (262)					
Salaries	3,143,175	(32,196)	3,110,979	3,086,446	24,533
Salaries of Non-Instructional Aides	306,072	(50,000)	256,072	249,639	6,433
Purchased Prof. And Tech. Services	100,000	(20,000)	80,000	73,678	6,322
Cleaning, Repair and Maintenance Services	200,455	(111,531)	88,924	81,577	7,347
Other Purchased Property Services	65,000	14,229	79,229	71,131	8,098
Insurance	500,000		500,000	439,476	60,524
Miscellaneous Purchased Services	25,000	(6,611)	18,389	16,508	1,881
General Supplies	280,196	(1,910)	278,286	236,737	41,549
Energy (Gas)		527,836	527,836	223,003	304,833
Energy (Energy and Electricity)	1,285,000	(219,471)	1,065,529	932,212	133,317
Energy (Natural Gas)	400,000	(400,000)			
Total Undist. Expend. - Other Oper. & Maint. Of Plant	6,304,898	(299,654)	6,005,244	5,410,407	594,837
Undist. Expend. - Care & Upkeep of Grounds (263)					
Salaries	50,000	(50,000)			
Cleaning, Repair and Maintenance Services	11,487	44,000	55,487	54,816	671
General Supplies	25,000		25,000	23,607	1,393
Total Undist. Expend. - Care & Upkeep of Grounds	86,487	(6,000)	80,487	78,423	2,064
Undist. Expend. - Security					
Salaries	41,381	1,800	43,181	43,181	
Purchased Professional and Technical Services		2,760	2,760	2,760	
Total Undist. Expend. - Security	41,381	4,560	45,941	45,941	
Undist. Expend. - Student Transportation Services (270)					
Salaries for Pupil Trans (Other than Bet. Home & Sch.)	10,000	(10,000)			
Management fee- ECS&CTSA Trans.	75,000		75,000	74,804	196
Cleaning, Repair and Maintenance Services	10,000	(250)	9,750	242	9,508
Contract Services (Between Home & School)-Vendors	66,116	(7,544)	58,572	35,543	23,029
Contract Services (Other than Between Home & School)-Vendors	190,000	14,920	204,920	180,576	24,344
Contract Services (Sp. Ed. Students)-Vendors	475,000	168,500	643,500	626,827	16,673
Contract Services (Sp. Ed. Students)-Joint Agreements		3,500	3,500		3,500
Contract Services (Spl. Ed. Students)-ESCs&CTSAs	1,200,000	(227,648)	972,352	972,352	
Contract Services - Aid in lieu Pymts - Charter School	5,000	(2,348)	2,652	2,652	
Miscellaneous Purchased Services - Transportation		422	422	422	
General Supplies	12,000	10,654	22,654	21,025	1,629
Total Undist. Expend. - Student Transportation Services	2,043,116	(49,794)	1,993,322	1,914,443	78,879
Regular Programs-Instruction-Employee Benefits					
Health Benefits	6,493,531	(674,207)	5,819,324	5,817,476	1,848
TOTAL ALLOCATED BENEFITS	6,493,531	(674,207)	5,819,324	5,817,476	1,848
UNALLOCATED BENEFITS					
Social Security Contributions	973,826	226,980	1,200,806	1,188,336	12,470
Other Retirement Contributions-PERS	1,170,951	78,020	1,248,971	1,202,031	46,940
Other Retirement Contributions-Regular	90,000	(90,000)			
Unemployment Compensation	470,260		470,260	320,756	149,504
Workmen's Compensation	583,000	(15,000)	568,000	549,969	18,031
Health Benefits	3,345,152	328,699	3,673,851	3,636,379	37,472
Tuition Reimbursement		6,300	6,300	6,100	200
Other Employee Benefits		18,400	18,400	11,243	7,157
TOTAL UNALLOCATED BENEFITS	6,633,189	553,399	7,186,588	6,914,814	271,774
On-behalf TPAF Post-Retirement Medical (non-budgeted)				4,004,092	(4,004,092)
On-behalf TPAF NCGI Premium (non-budgeted)				133,197	(133,197)
Reimbursed TPAF Social Security Contributions (non-budgeted)				3,197,005	(3,197,005)
TOTAL ON-BEHALF CONTRIBUTIONS				7,334,294	(7,334,294)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	13,126,720	(120,808)	13,005,912	20,066,584	(7,060,672)
TOTAL UNDISTRIBUTED EXPENDITURES	44,346,830	977,315	45,324,145	50,858,813	(5,534,668)
TOTAL GENERAL CURRENT EXPENSE	84,927,142	735,056	85,662,198	90,930,959	(5,268,761)
CAPITAL OUTLAY					

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Equipment					
Regular Programs - Instruction:					
Grades 1-5	25,000	9,004	34,004	10,098	23,906
Grades 6-8	25,000	(7,250)	17,750	4,832	12,918
Grades 9-12	174,486		174,486	155,327	19,159
Undistributed Expenditures - Instruction		17,820	17,820	14,884	2,936
Undistributed Expenditures - School Admin.		27,250	27,250	27,237	13
Undistributed Expenditures - Admin. Info. Tech.	29,740	(8,148)	21,592	4,740	16,852
Undistributed Expenditures - Care & Upkeep of Grounds		8,119	8,119	8,119	
School Buses - Regular	75,000	(20,000)	55,000		55,000
Total Equipment	<u>329,226</u>	<u>26,795</u>	<u>356,021</u>	<u>225,237</u>	<u>130,784</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services					
Construction Services	69,994	1,100	71,094	22,039	49,055
Principal- Lease Purchase	249,748	8,148	257,896	257,896	
Assessment for Debt Service on SDA Funding	27,552		27,552	27,552	
Total Facilities Acquisition and Construction Services	<u>347,294</u>	<u>9,248</u>	<u>356,542</u>	<u>307,487</u>	<u>49,055</u>
TOTAL CAPITAL OUTLAY	<u>676,520</u>	<u>36,043</u>	<u>712,563</u>	<u>532,724</u>	<u>179,839</u>
Transfer of Funds to Charter Schools	<u>800,144</u>	<u>95,701</u>	<u>895,845</u>	<u>881,134</u>	<u>14,711</u>
TOTAL EXPENDITURES	<u>86,403,806</u>	<u>866,800</u>	<u>87,270,606</u>	<u>92,344,817</u>	<u>(5,074,211)</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>(1,400,029)</u>		<u>(1,397,928)</u>	<u>1,770,404</u>	<u>3,168,332</u>
Other Financing Sources/(Uses):					
Operating Transfers In:					
Capital Reserve - Transfer from Capital Projects				313,452	(313,452)
Operating Transfers Out:					
Prior Year Budgeted Capital Outlay - Transfer to Capital Projects				(280,634)	280,634
Total Other Financing Sources/(Uses):				<u>32,818</u>	<u>(32,818)</u>
Excess (Deficiency) of Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(1,400,029)</u>		<u>(1,397,928)</u>	<u>1,803,222</u>	<u>3,135,514</u>
Fund Balance, July 1	<u>6,328,919</u>		<u>6,328,919</u>	<u>6,328,919</u>	
Fund Balance, June 30	<u>4,928,890</u>		<u>4,930,991</u>	<u>8,132,141</u>	<u>3,135,514</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	(510,533)		(510,533)	(510,533)	
Increase in Capital Reserve:					
Principal				32,818	(32,818)
Interest Deposit to Capital Reserve	2,101		2,101	966	1,135
Cancellation of special revenue fund receivables				(128,803)	
Budgeted Fund Balance	<u>(891,597)</u>		<u>(889,496)</u>	<u>2,408,774</u>	<u>3,167,197</u>
	<u>(1,400,029)</u>		<u>(1,397,928)</u>	<u>1,803,222</u>	<u>3,135,514</u>
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - Current Year				1,086,604	
Excess Surplus - Designated for Subsequent Year's Expenditures				1,363,063	
Capital Reserve				1,318,354	
Committed Fund Balance:					
Year-end Encumbrances				262,350	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				1,855,896	
Unassigned Fund Balance				<u>2,245,874</u>	
Total Fund Balance per Governmental Funds (Budgetary)				<u>8,132,141</u>	
Recapitulation to Governmental Fund Statement (GAAP):					
Less: Last State Aid Payment not Recognized GAAP Basis				939,240	
Total Fund Balance per Governmental Funds (GAAP)				<u>7,192,901</u>	

HACKENSACK BOARD OF EDUCATION
Education Jobs Fund - Budget and Actual
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources:					
Education Jobs Fund	470,169	14,729	484,898	484,898	-
Total Federal Sources					-
Total Revenues	470,169	14,729	484,898	484,898	-
EXPENDITURES:					
Education Jobs Fund					
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	470,169	14,729	484,898	484,898	-
Total Regular Programs - Instruction	470,169	14,729	484,898	484,898	-

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		5,817	5,817	3,817	(2,000)
State Sources	986,143	561,751	1,547,894	1,330,403	(217,491)
Federal Sources	2,223,000	1,918,637	4,141,637	2,950,213	(1,191,444)
Total Revenues	3,209,143	2,486,225	5,695,368	4,284,433	(1,410,935)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,353,000	38,839	1,391,839	1,015,169	376,670
Other Salaries for Instruction	141,000	26,399	167,399	142,768	24,631
Purchased Professional and Technical Services	174,000	365,548	539,548	368,412	171,136
Other Purchased Services (400-500 series)	1,250,000	(174,186)	1,075,814	979,767	96,047
General Supplies	27,850	451,655	479,505	254,754	224,751
Textbooks	28,000	(14,802)	13,198	11,727	1,471
Other Objects		2,328	2,328	875	1,453
Total instruction	2,973,850	695,781	3,669,631	2,773,472	896,159
Support services:					
Salaries of Program Directors		689,534	689,534	613,535	75,999
Other Salaries		-	-	-	-
Personal Services - Employee Benefits	124,000	267,416	391,416	246,109	145,307
Other Purchased Professional Services		391,225	391,225	299,173	92,052
Travel		14,885	14,885	5,917	8,968
Other Purchased Services (400-500 series)		148,046	148,046	67,927	80,119
Supplies & Materials		141,105	141,105	46,239	94,866
Total support services	124,000	1,652,211	1,776,211	1,278,900	497,311
Facilities acquisition and const. serv.:					
Buildings		-	-	-	-
Instructional Equipment	111,293	138,233	249,526	232,061	17,465
Total facilities acquisition and const. serv.	111,293	138,233	249,526	232,061	17,465
Total Expenditures	3,209,143	2,486,225	5,695,368	4,284,433	(1,410,935)
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

HACKENSACK BOARD OF EDUCATION
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
Fiscal Year Ended June 30, 2012

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	94,115,221	4,284,433
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.			
		701,519	
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33).			
		(939,240)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>93,877,500</u>	<u>4,284,433</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	92,344,817	4,284,433
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>92,344,817</u>	<u>4,284,433</u>

SPECIAL REVENUE FUND

HACKENSACK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2012

	Total Brought Forward (Ex. B-1a)	Reading is Fundamental	MSG Grant	IDEA Part - B	IDEA Part - B Preschool	ARRA - NCLB Title I	NCLB Title I	Totals 2012
REVENUES								
Local Sources	-	2,817	1,000					3,817
State Sources	1,330,403							1,330,403
Federal Sources	480,330			1,445,769	46,614	143,235	834,265	2,950,213
Total Revenues	1,810,733	2,817	1,000	1,445,769	46,614	143,235	834,265	4,284,433
EXPENDITURES:								
Instruction:								
Salaries of Teachers	414,092		1,000	169,202	46,614	44,863	339,398	1,015,169
Other Salaries for Instruction	142,768							142,768
Purchased Professional and Technical Services	148,249			4,830			215,333	368,412
Other Purchased Services (400-500 series)	-			979,767				979,767
General Supplies	77,427	2,817		42,564		30,091	101,855	254,754
Textbooks	11,727							11,727
Other Objects	875							875
Total Instruction	795,138	2,817	1,000	1,196,363	46,614	74,954	656,586	2,773,472
Support services:								
Salaries of Program Directors	528,335						85,200	613,535
Personal Services - Employee Benefits	162,387			20,439		33,631	29,652	246,109
Other Purchased Professional Services	67,954			202,458			28,761	299,173
Travel	5,917							5,917
Other Purchased Services (400-500 series)	38,565						3,696	67,927
Supplies & Materials	14,882						30,370	46,239
Total support services	818,040	-	-	222,897	-	60,284	177,679	1,278,900
Facilities acquisition and const. serv.:								
Instructional Equipment	197,555			26,509		7,997		232,061
Total facilities acquisition and const. serv.	197,555	-	-	26,509	-	7,997	-	232,061
Total Expenditures	1,810,733	2,817	1,000	1,445,769	46,614	143,235	834,265	4,284,433
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-	-

HACKENSACK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2012

	Total Brought Forward (Ex. E-1b)	Title II, Part A Training & Recruiting	NCLB Title III	NCLB Title III Immigrant	Title IV Drug Free Schools	Workforce Year Round Youth Program - Drop-in	Perkins - Vocational Education	Total Carried Forward
REVENUES								
Local Sources	-							-
State Sources	1,330,403							1,330,403
Federal Sources	23,855	228,469	68,146	95,500	2,914	14,716	46,730	480,330
Total Revenues	1,354,258	228,469	68,146	95,500	2,914	14,716	46,730	1,810,733
EXPENDITURES:								
Instruction:								
Salaries of Teachers	330,959	10,520		69,170	3,443			414,092
Other Salaries for Instruction	142,768							142,768
Purchased Professional and Technical Services	145,849						2,400	148,249
Other Purchased Services (400-500 series)	-				(529)			-
General Supplies	7,884		28,197	15,736			26,139	77,427
Textbooks	11,727							11,727
Other Objects	-						875	875
Total instruction	639,187	10,520	28,197	84,906	2,914	-	29,414	795,138
Support services:								
Salaries of Program Directors	318,561	171,758	24,500			13,516		528,335
Personal Services - Employee Benefits	137,709	13,920	4,669	4,813		1,200	76	162,387
Other Purchased Professional Services	52,265	13,089	2,600					67,954
Travel	380	3,309					2,228	5,917
Other Purchased Services (400-500 series)	14,746	14,149	2,318	5,657			1,695	38,565
Supplies & Materials	9,225	1,724	3,809	124				14,882
Total support services	532,886	217,949	37,896	10,594	-	14,716	3,999	818,040
Facilities acquisition and const. serv.:								
Instructional Equipment	182,185		2,053				13,317	197,555
Total facilities acquisition and const. serv.	182,185	-	2,053	-	-	-	13,317	197,555
Total Expenditures	1,354,258	228,469	68,146	95,500	2,914	14,716	46,730	1,810,733
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-	-

HACKENSACK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2012

	Total Brought Forward (Ex. E-1d)	Project Aces	NEA Foundation Grant	Nonpublic Nursing	CHIPRA Outreach Grant	School Based Youth Service Program	Family Friendly	Total Carried Forward
REVENUES								
Local Sources	-							-
State Sources	944,308		4,552	18,852	30,807	299,490	32,394	1,330,403
Federal Sources	-	23,855						23,855
Total Revenues	944,308	23,855	4,552	18,852	30,807	299,490	32,394	1,354,258
EXPENDITURES:								
Instruction:								
Salaries of Teachers	308,942							330,959
Other Salaries for Instruction	138,631						22,017	142,768
Purchased Professional and Technical Services	138,029			7,820			4,137	145,849
Other Purchased Services (400-500 series)	-							-
General Supplies	-		4,552				3,332	7,884
Textbooks	11,727							11,727
Other Objects	-							-
Total instruction	597,329	-	4,552	7,820	-	-	29,486	639,187
Support services:								
Salaries of Program Directors	-	21,937			18,088	278,536		318,561
Personal Services - Employee Benefits	124,000	1,918			3,824	5,059	2,908	137,709
Other Purchased Professional Services	40,794			11,032		439		52,265
Travel	-					380		380
Other Purchased Services (400-500 series)	-					13,846		14,746
Supplies & Materials	-					1,230		9,225
Total support services	164,794	23,855	-	11,032	30,807	299,490	2,908	532,886
Facilities acquisition and const. serv.:								
Instructional Equipment	182,185							182,185
Total facilities acquisition and const. serv.	182,185	-	-	-	-	-	-	182,185
Total Expenditures	944,308	23,855	4,552	18,852	30,807	299,490	32,394	1,354,258
Excess (Deficiency) of Revenues Over (Under)	-	-	-	-	-	-	-	-
Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-	-

HACKENSACK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2012

	Total Brought Forward (Ex. E-1e)	Chapter 194 Nonpublic Textbook	Chapter 192 Compensatory Education	Chapter 192 ESL	Chapter 193 Supplemental Instruction	Chapter 193 Exam & Classification	Chapter 193 Corrective Speech	Total Carried Forward
REVENUES								
Local Sources	-	11,727	80,053	17,241	11,689	20,609	14,770	944,308
State Sources	-	-	-	-	-	-	-	-
Federal Sources	-	-	-	-	-	-	-	-
Total Revenues	788,219	11,727	80,053	17,241	11,689	20,609	14,770	944,308
EXPENDITURES:								
Instruction:								
Salaries of Teachers	308,942	-	-	-	-	-	-	308,942
Other Salaries for Instruction	138,631	-	-	-	-	-	-	138,631
Purchased Professional and Technical Services	25,711	-	80,053	17,241	254	-	14,770	138,029
Other Purchased Services (400-500 series)	-	-	-	-	-	-	-	-
General Supplies	-	-	-	-	-	-	-	-
Textbooks	-	11,727	-	-	-	-	-	11,727
Other Objects	-	-	-	-	-	-	-	-
Total Instruction	473,284	11,727	80,053	17,241	254	-	14,770	597,329
Support services:								
Salaries of Program Directors	-	-	-	-	-	-	-	-
Personal Services - Employee Benefits	124,000	-	-	-	-	-	-	124,000
Other Purchased Professional Services	8,750	-	-	-	11,435	20,609	-	40,794
Travel	-	-	-	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-	-	-	-
Supplies & Materials	-	-	-	-	-	-	-	-
Total support services	132,750	-	-	-	11,435	20,609	-	164,794
Facilities acquisition and const. serv.:								
Instructional Equipment	182,185	-	-	-	-	-	-	182,185
Total facilities acquisition and const. serv.	182,185	-	-	-	-	-	-	182,185
Total Expenditures	788,219	11,727	80,053	17,241	11,689	20,609	14,770	944,308
Excess (Deficiency) of Revenues Over (Under)	-	-	-	-	-	-	-	-
Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-	-

HACKENSACK BOARD OF EDUCATION

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis

Fiscal Year Ended June 30, 2012

	Preschool Education Aid	Total Carried Forward
REVENUES		
Local Sources	-	-
State Sources	788,219	788,219
Federal Sources	-	-
Total Revenues	788,219	788,219
EXPENDITURES:		
Instruction:		
Salaries of Teachers	308,942	308,942
Other Salaries for Instruction	138,631	138,631
Purchased Professional and Technical Services	25,711	25,711
Other Purchased Services (400-500 series)	-	-
General Supplies	-	-
Textbooks	-	-
Other Objects	-	-
Total Instruction	473,284	473,284
Support services:		
Salaries of Program Directors	-	-
Personal Services - Employee Benefits	124,000	124,000
Other Purchased Professional Services	8,750	8,750
Travel	-	-
Other Purchased Services (400-500 series)	-	-
Supplies & Materials	-	-
Total support services	132,750	132,750
Facilities acquisition and const. serv.:		
Instructional Equipment	182,185	182,185
Total facilities acquisition and const. serv.	182,185	182,185
Total Expenditures	788,219	788,219
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-

HACKENSACK BOARD OF EDUCATION
Special Revenue Fund
Schedule of Preschool Education Aid
Budgetary Basis
Fiscal Year Ended June 30, 2012

	<u>District Wide Total</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:			
Instruction:			
Salaries of teachers	340,114	308,942	31,172
Other salaries for instruction	141,000	138,631	2,369
General supplies	26,050	25,711	339
Total instruction	<u>507,164</u>	<u>473,284</u>	<u>33,880</u>
Support services:			
Personal Services - Employee Benefits	124,000	124,000	
Other purchased professional services	31,800	8,750	23,050
Total support services	<u>155,800</u>	<u>132,750</u>	<u>23,050</u>
Facility Acquisition and Construction Services:			
Instructional equipment	182,687	182,185	502
Total expenditures	<u>845,651</u>	<u>788,219</u>	<u>57,432</u>

<u>Summary of Location Totals</u>	
Total revised 2011-12 Preschool Education Aid	672,850
Add: Actual ECPA Carryover (June 30, 2011)	172,801
Add: Budgeted Transfer from the General Fund 2011-12	
Total Preschool Education Aid Funds Available for 2011-12 Budget	845,651
Less: 2010-11 Budgeted Preschool Education Aid prior year budgeted carryover)	845,651
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2012	
Add: June 30, 2012 Unexpended Preschool Education Aid	57,432
2011-12 Carryover - Preschool Education Aid/Preschool	57,432
2011-12 Preschool Education Aid Carryover Budgeted for Preschool Programs 2011-12	

CAPITAL PROJECTS FUND

HACKENSACK BOARD OF EDUCATION
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes
in Fund Balance-Budgetary Basis
Fiscal Year Ended June 30, 2012

Revenues and Other Financing Sources

State Sources - SCC Grant	-
Bond proceeds and transfers	-
Transfers from Capital Reserve	-
Transfers from Capital Outlay	-
Interest on Investments	337

337

Expenditures and Other Financing Uses

Purchased professional and technical services	-
Land and improvements	-
Construction services	-
Equipment purchases	-

-

Excess (deficiency) of revenues over (under) expenditures 337

Other Finance Sources (Uses)

Transfers in	280,634
Transfers out:	
General Fund	(313,452)
Debt Service Fund	(129,150)

(161,968)

Net change in fund balance (161,631)

Fund balance - beginning 683,443

Fund balance - ending 521,812

HACKENSACK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
High School Window Replacement Project
Fiscal Year Ended June 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	370,527		370,527	370,527
Bond proceeds and transfers	855,000		855,000	726,187
Transfers from Capital Reserve			-	
Transfers from Capital Outlay			-	
	<u>1,225,527</u>	<u>-</u>	<u>1,225,527</u>	<u>1,096,714</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	37,053		37,053	37,053
Land and improvements			-	
Construction services	1,059,661		1,059,661	1,059,661
Equipment purchases				
	<u>1,096,714</u>	<u>-</u>	<u>1,096,714</u>	<u>1,096,714</u>
Other Finance Sources (Uses)				
Transfers in				
Transfers out		(128,813)	(128,813)	
	<u>-</u>	<u>(128,813)</u>	<u>(128,813)</u>	<u>-</u>
Total other financing sources (uses)				
	<u>-</u>	<u>(128,813)</u>	<u>(128,813)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>128,813</u>	<u>(128,813)</u>	<u>-</u>	<u>-</u>
Additional project information:				
Project number	xxxxxx			
Grant Date	2/9/1999			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorization cost	855,000			
Additional authorized cost	370,527			
Revised authorized cost	1,225,527			
Percentage increase over original authorized cost	0.43			
Percentage completion	89%			
Original target completion date				
Revised target completion date				

HACKENSACK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Other Improvements
Fiscal Year Ended June 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant			-	
Bond proceeds and transfers	1,945,000		1,945,000	1,945,000
Transfers from Capital Reserve			-	
Transfers from Capital Outlay			-	
	<u>1,945,000</u>	<u>-</u>	<u>1,945,000</u>	<u>1,945,000</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services			-	
Land and improvements			-	
Construction services	1,335,866		1,335,866	1,857,678
Equipment purchases	87,322		87,322	87,322
	<u>1,423,188</u>	<u>-</u>	<u>1,423,188</u>	<u>1,945,000</u>
Other Finance Sources (Uses)				
Transfers in				
Transfers out				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
Excess (deficiency) of revenues over (under) expenditures	<u>521,812</u>	<u>-</u>	<u>521,812</u>	<u>-</u>
Additional project information:				
Project number	1860-050-03-0816			
Grant Date	2/9/1999			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorization cost	1,945,000			
Additional authorized cost				
Revised authorized cost	1,945,000			
Percentage increase over original authorized cost	-			
Percentage completion	73%			
Original target completion date				
Revised target completion date				

HACKENSACK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Nellie K. Parker Chiller Project
Fiscal Year Ended June 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	95,364		95,364	95,364
Bond proceeds and transfers			-	
Transfers from Capital Reserve			-	(15,876)
Transfers from Capital Outlay	143,047		143,047	143,047
	<u>238,411</u>	<u>-</u>	<u>238,411</u>	<u>222,535</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	27,126		27,126	27,126
Land and improvements			-	
Construction services	195,409		195,409	195,409
Equipment purchases			-	
	<u>222,535</u>	<u>-</u>	<u>222,535</u>	<u>222,535</u>
Other Finance Sources (Uses)				
Transfers in				
Transfers out		(15,876)	(15,876)	
Total other financing sources (uses)	<u>-</u>	<u>(15,876)</u>	<u>(15,876)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,876</u>	<u>(15,876)</u>	<u>-</u>	<u>-</u>
Additional project information:				
Project number	1860-090-02-0216			
Grant Date	2/15/2003			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorization cost	238,411			
Additional authorized cost				
Revised authorized cost	238,411			
Percentage increase over original authorized cost	-			
Percentage completion	93%			
Original target completion date	6/30/2006			
Revised target completion date				

HACKENSACK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
High School Balcony Project
Fiscal Year Ended June 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	388,038		388,038	388,038
Bond proceeds and transfers			-	
Transfers from Capital Reserve			-	
Transfers from Capital Outlay	430,012		430,012	633,383
	<u>818,050</u>	<u>-</u>	<u>818,050</u>	<u>1,021,421</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	68,972		68,972	68,972
Land and improvements			-	
Construction services	944,545		944,545	944,545
Equipment purchases	7,904		7,904	7,904
	<u>1,021,421</u>	<u>-</u>	<u>1,021,421</u>	<u>1,021,421</u>
Other Finance Sources (Uses)				
Transfers in		203,503	203,503	
Transfers out		(132)	(132)	
	<u>-</u>	<u>203,371</u>	<u>203,371</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(203,371)</u>	<u>203,371</u>	<u>-</u>	<u>-</u>
Additional project information:				
Project number	1860-050-03-0816			
Grant Date	8/13/2003			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorization cost	818,050			
Additional authorized cost	203,503			
Revised authorized cost	1,021,553			
Percentage increase over original authorized cost	0.25			
Percentage completion	100%			
Original target completion date	6/30/2006			
Revised target completion date				

HACKENSACK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
High School Fire Alarm Replacement
Fiscal Year Ended June 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant			-	
Bond proceeds and transfers			-	
Transfers from Capital Reserve			-	
Transfers from Capital Outlay	421,150		421,150	410,000
	<u>421,150</u>	<u>-</u>	<u>421,150</u>	<u>410,000</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	78,400		78,400	78,400
Land and improvements			-	
Construction services	331,600		331,600	331,600
Equipment purchases			-	
	<u>410,000</u>	<u>-</u>	<u>410,000</u>	<u>410,000</u>
Other Finance Sources (Uses)				
Transfers in		77,131	77,131	
Transfers out		(88,281)	(88,281)	
	<u>-</u>	<u>(11,150)</u>	<u>(11,150)</u>	<u>-</u>
Total other financing sources (uses)				
	<u>-</u>	<u>(11,150)</u>	<u>(11,150)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,150</u>	<u>(11,150)</u>	<u>-</u>	<u>-</u>
Additional project information:				
Project number	1860-050-04-1000			
Grant Date	6/1/2004			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorization cost	498,281			
Additional authorized cost				
Revised authorized cost	498,281			
Percentage increase over original authorized cost	-			
Percentage completion	82%			
Original target completion date	6/30/2006			
Revised target completion date				

HACKENSACK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Carl E. Padovano Education Center
Fiscal Year Ended June 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant			-	
Bond proceeds and transfers			-	
Transfers from Capital Reserve	2,116,899		2,116,899	1,907,736
Transfers from Capital Outlay			-	
	<u>2,116,899</u>	<u>-</u>	<u>2,116,899</u>	<u>1,907,736</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	90,432		90,432	79,223
Land and improvements			-	
Construction services	1,817,304		1,817,304	1,828,513
Equipment purchases			-	
	<u>1,907,736</u>	<u>-</u>	<u>1,907,736</u>	<u>1,907,736</u>
Other Finance Sources (Uses)				
Transfers in				
Transfers out		(209,163)	(209,163)	
Total other financing sources (uses)	<u>-</u>	<u>(209,163)</u>	<u>(209,163)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>209,163</u>	<u>(209,163)</u>	<u>-</u>	<u>-</u>
Additional project information:				
Project number	1860-N01-07-1000			
Grant Date	1/12/2007			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorization cost	2,116,899			
Additional authorized cost				
Revised authorized cost	2,116,899			
Percentage increase over original authorized cost	-			
Percentage completion	90%			
Original target completion date				
Revised target completion date				

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PROPRIETARY FUNDS

HACKENSACK BOARD OF EDUCATION
Combining Statement of Net Assets
Enterprise Funds
June 30, 2012

	<u>Food Service Program</u>	<u>Totals</u>
ASSETS		
Current assets:		
Cash and cash equivalents	703,643	703,643
Accounts receivable:		
State	4,162	4,162
Federal	130,511	130,511
Other	633	633
Inventories	10,497	10,497
Total current assets	<u>849,446</u>	<u>849,446</u>
Noncurrent assets:		
Capital assets:		
Building and building improvements	34,474	34,474
Equipment	350,160	350,160
Less accumulated depreciation	<u>(194,354)</u>	<u>(194,354)</u>
Total capital assets (net of accumulated depreciation)	<u>190,280</u>	<u>190,280</u>
Total assets	<u>1,039,726</u>	<u>1,039,726</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	<u>161,935</u>	<u>161,935</u>
Total Liabilities	<u>161,935</u>	<u>161,935</u>
NET ASSETS		
Invested in capital assets net of related debt	190,280	190,280
Unrestricted	<u>687,511</u>	<u>687,511</u>
Total net assets	<u>877,791</u>	<u>877,791</u>

HACKENSACK BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Enterprise Funds
Fiscal Year Ended June 30, 2012

	Food Service Program	Totals
Operating revenues:		
Charges for services:		
Daily sales - reimbursable programs	278,482	278,482
Daily sales - non-reimbursable programs	149,777	149,777
Total operating revenues	<u>428,259</u>	<u>428,259</u>
Operating expenses:		
Cost of food	991,493	991,493
Salaries	594,864	594,864
Supplies and materials	95,389	95,389
Employee benefits	199,187	199,187
Depreciation	14,296	14,296
Repairs and other expenses	109,492	109,492
Purchased services	232,147	232,147
CCD Fees	1,429	1,429
Total Operating Expenses	<u>2,238,297</u>	<u>2,238,297</u>
Operating income (loss)	<u>(1,810,038)</u>	<u>(1,810,038)</u>
Nonoperating revenues (expenses):		
State sources:		
School lunch program	25,763	25,763
School snack program	32,593	32,593
Federal sources:		
School lunch program	1,081,046	1,081,046
School breakfast program	669,259	669,259
U.S.D.A. Commodities	70,198	70,198
Interest Income	123	123
Total nonoperating revenues (expenses)	<u>1,878,982</u>	<u>1,878,982</u>
Income (loss) before contributions & transfers	<u>68,944</u>	<u>68,944</u>
Total net assets—beginning	<u>808,847</u>	<u>808,847</u>
Total net assets—ending	<u><u>877,791</u></u>	<u><u>877,791</u></u>

HACKENSACK BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended June 30, 2012

	Food Service Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	428,259	428,259
Payments to suppliers	<u>(1,988,780)</u>	<u>(1,988,780)</u>
Net cash provided by (used for) operating activities	<u>(1,560,521)</u>	<u>(1,560,521)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	59,810	59,810
Federal Sources	1,752,686	1,752,686
Interest Income	123	123
Net cash provided by (used for) non-capital financing activities	<u>1,812,619</u>	<u>1,812,496</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Building and building improvements	(34,474)	(34,474)
Acquisition of Capital Assets	<u>(13,350)</u>	<u>(13,350)</u>
Net cash used for capital and related financing activities	<u>(47,824)</u>	<u>(47,824)</u>
Net increase (decrease) in cash and cash equivalents	<u>204,274</u>	<u>204,274</u>
Balances—beginning of year	<u>499,369</u>	<u>499,369</u>
Balances—end of year	<u><u>703,643</u></u>	<u><u>703,643</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(1,810,038)	(1,810,038)
Adjustments to reconcile operating income (loss) to net cash provided by		
Depreciation and net amortization	14,296	14,296
Food distribution program	70,198	70,198
(Increase) decrease in accounts receivable	1,178	1,178
(Increase) decrease in inventories	2,321	2,321
Increase (decrease) in accounts payable	<u>161,524</u>	<u>161,524</u>
Total adjustments	<u>249,517</u>	<u>249,517</u>
Net cash provided by (used for) operating activities	<u><u>(1,560,521)</u></u>	<u><u>(1,560,521)</u></u>

FIDUCIARY FUND

HACKENSACK BOARD OF EDUCATION
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	<u>Unemployment Compensation Trust Fund</u>	<u>Scholarship and Memorial Funds</u>	<u>Agency Funds</u>
ASSETS			
Cash and cash equivalents	108,987	141,745	690,583
Total assets	<u>108,987</u>	<u>141,745</u>	<u>690,583</u>
LIABILITIES			
Payable to student groups			224,532
Due to State of NJ - Unemployment	51,251		
Payroll deductions and withholdings			466,051
Total liabilities	<u>51,251</u>	<u>-</u>	<u>690,583</u>
NET ASSETS			
Held in trust for unemployment claims and other purposes	<u>57,736</u>		
Reserved for scholarships		<u>141,745</u>	
	<u>108,987</u>		

HACKENSACK BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Fiscal Year Ended June 30, 2012

	<u>Unemployment Compensation Trust Fund</u>	<u>Scholarship and Memorial Funds</u>
ADDITIONS		
Contributions:		
Donations		12,325
Payroll withholdings	75,131	
Budget Contributions	319,136	
Total Contributions	<u>394,267</u>	<u>12,325</u>
Investment earnings:		
Interest	71	900
Net investment earnings	71	900
Total additions	<u>394,338</u>	<u>13,225</u>
DEDUCTIONS		
Quarterly contribution reports	295,546	
Scholarships awarded		29,594
Total deductions	<u>295,546</u>	<u>29,594</u>
Change in net assets	98,792	(16,369)
Net assets—beginning of the year	(41,056)	158,114
Net assets—end of the year	<u><u>57,736</u></u>	<u><u>141,745</u></u>

HACKENSACK BOARD OF EDUCATION
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2012

	<u>Balance July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2012</u>
Elementary Schools:				
Fairmount Avenue School	7,887	6,880	6,296	8,471
Jackson Avenue School	1,916	10,025	7,379	4,562
Fanny M. Hillers School	2,217	7,971	7,779	2,409
Nellie Parker School	3,733	6,150	6,130	3,753
Nellie Parker School Donation	1,469	1		1,470
Total Elementary Schools	<u>17,222</u>	<u>31,027</u>	<u>27,584</u>	<u>20,665</u>
Middle School:				
5/6 Middle School	88	775	863	-
Middle School	21,001	51,093	53,981	18,113
Total Middle Schools	<u>21,089</u>	<u>51,868</u>	<u>54,844</u>	<u>18,113</u>
High School:				
High School	123,497	237,712	202,394	158,815
Varsity H	13,733	59,382	54,018	19,097
Total High Schools	<u>137,230</u>	<u>297,094</u>	<u>256,412</u>	<u>177,912</u>
Athletic Departments:				
Athletic Department	4,193	117,336	113,687	7,842
Total Athletic Department	<u>4,193</u>	<u>117,336</u>	<u>113,687</u>	<u>7,842</u>
Total All Schools	<u>179,734</u>	<u>497,325</u>	<u>452,527</u>	<u>224,532</u>

HACKENSACK BOARD OF EDUCATION
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2012

	<u>Balance July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2012</u>
Net Payroll	45,728	37,871,203	37,902,597	14,334
Payroll Deductions and Withholdings	421,187	26,035,749	26,005,219	451,717
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>466,915</u>	<u>63,906,952</u>	<u>63,907,816</u>	<u>466,051</u>

LONG-TERM DEBT

HACKENSACK BOARD OF EDUCATION
General Long-Term Debt Account Group
Schedule of Serial Bonds
Fiscal Year Ended June 30, 2012

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance, July 1, 2011	Retired	Balance, June 30, 2012
			Date	Amount				
Refunding School Improvement bonds	Sept. 9, 2009	5,550,000	5/1/2013	620,000	4.000	5,410,000	630,000	4,780,000
			5/1/2014	615,000	4.000			
			5/1/2015	610,000	3.250			
			5/1/2016	595,000	3.375			
			5/1/2017	585,000	5.000			
			5/1/2018	580,000	5.000			
			5/1/2019	580,000	4.750			
			5/1/2020	595,000	4.750			
						\$ 5,410,000	630,000	4,780,000

HACKENSACK BOARD OF EDUCATION
General Long-Term Debt Account Group
Schedule of Capital Leases Payable
Fiscal Year Ended June 30, 2012

Issue	Date of Lease	Amount of Lease	Principal Payment		Interest Rate	Issued	Retired	Balance, June 30, 2012
			Date	Amount				
Various Equipment	Nov. 2010	1,338,250	1/1/13	131,613	2.75%	\$ 1,075,219	257,897	817,322
			7/1/13	133,423	2.75%			
			1/1/14	135,257	2.75%			
			7/1/14	137,116	2.75%			
			1/1/15	139,001	2.75%			
			7/1/15	140,912	2.75%			
						<u>\$ 1,075,219</u>	<u>257,897</u>	<u>817,322</u>

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	804,445		804,445	804,445	
Total Revenues	804,445	-	804,445	804,445	-
EXPENDITURES:					
Regular Debt Service:					
Interest	209,638	-	209,638	209,637	(1)
Redemption of Principal	630,000	-	630,000	630,000	-
Total Regular Debt Service	839,638	-	839,638	839,637	(1)
Total expenditures	839,638	-	839,638	839,637	(1)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,193)	-	(35,193)	(35,192)	1
Other Financing Sources:					
Operating Transfers In:					
Interest earned in Capital Projects Fund				337	337
Excess Bond Proceeds - Capital Projects Fund	-	-	-	128,813	128,813
Total Operating Transfers In	-	-	-	129,150	129,150
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(35,193)	-	(35,193)	93,958	129,151
Fund Balance, July 1	273,111	-	273,111	273,111	-
Fund Balance, June 30	237,918	-	237,918	367,069	129,151
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	(35,193)		(35,193)	(35,192)	1
Operating Transfers In				129,150	129,150
Total	(35,193)	-	(35,193)	93,958	129,151

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

- J-1 Net Assets by Component
- J-2 Changes in Net Assets
- J-3 Fund Balances - Governmental Funds
- J-4 Changes in Fund Balances - Governmental Funds
- J-5 General Fund Other Local Revenue by Source

Revenue Capacity

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
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Debt Capacity

- J-10 Ratios of Outstanding Debt by Type
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- J-12 Direct and Overlapping Governmental Activities Debt
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Demographic and Economic Information

- J-14 Demographic and Economic Statistics
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- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information*
- J-19 Schedule of Allowable Maintenance Expenditures by School Facility
- J-20 Insurance Schedule

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

Contents

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Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

J-14 to J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

Hackensack Board of Education
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities									
Invested in capital assets, net of related debt	\$ 268,767	\$ (383,406)	\$ 6,001,034	\$ 8,813,583	\$ 9,408,979	\$ 11,554,919	\$ 13,384,709	\$ 13,922,495	\$ 14,383,804
Restricted	8,313,996	11,111,514	12,270,231	11,069,478	11,798,879	10,520,528	5,742,198	4,985,228	6,775,148
Unrestricted	(272,060)	(794,984)	(540,537)	(168,906)	(465,466)	(1,411,880)	(1,319,876)	(501,070)	(1,321,681)
Total governmental activities net assets	\$ 8,310,703	\$ 9,933,124	\$ 17,730,728	\$ 19,714,155	\$ 20,742,392	\$ 20,663,567	\$ 17,807,031	\$ 18,406,653	\$ 19,837,271
Business-type activities									
Invested in capital assets, net of related debt	\$ 33,295	\$ 42,143	\$ 76,284	\$ 123,386	\$ 119,071	\$ 113,064	\$ 143,633	\$ 156,752	\$ 190,280
Restricted	173,096	248,499	238,751	269,586	338,693	421,609	614,875	652,095	687,511
Total business-type activities net assets	\$ 206,391	\$ 290,642	\$ 315,035	\$ 392,972	\$ 457,764	\$ 534,673	\$ 758,508	\$ 808,847	\$ 877,791
District-wide									
Invested in capital assets, net of related debt	\$ 302,062	\$ (341,263)	\$ 6,077,318	\$ 8,936,969	\$ 9,528,050	\$ 11,667,983	\$ 13,528,342	\$ 14,079,247	\$ 14,574,084
Restricted	8,313,996	11,111,514	12,270,231	11,069,478	11,798,879	10,520,528	5,742,198	4,985,228	6,775,148
Unrestricted	(98,964)	(546,485)	(301,786)	100,680	(126,773)	(990,271)	(705,001)	151,025	(634,170)
Total district net assets	\$ 8,517,094	\$ 10,223,766	\$ 18,045,763	\$ 20,107,127	\$ 21,200,156	\$ 21,198,240	\$ 18,565,539	\$ 19,215,500	\$ 20,715,062

Source: CAFR Schedule A-1

The J-1 is a ten year schedule. This sample is for the year of implementation of GASBS 44. Districts are not required by GASB to report years prior to the implementation date of Statement 44. However, the department strongly encourages districts to report retroactively back to the year they implemented Statement 34. This illustration is for a district which implemented GASB 34 in 6/30/03 and is reporting retroactively.

Hackensack Board of Education
Changes in Net Assets, Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental activities									
Instruction									
Regular	\$ 28,839,153	\$ 29,722,525	\$ 30,941,044	\$ 33,040,016	\$ 33,572,639	\$ 33,248,841	\$ 37,187,411	\$ 34,070,608	\$ 35,664,211
Special education	5,275,334	5,625,742	5,821,140	6,252,530	7,044,607	6,523,168	7,028,221	7,904,628	8,511,975
Other special education	1,464,612	1,719,429	1,756,818	1,936,358	1,901,500	2,084,806	2,127,599	2,035,260	2,036,424
Other instruction	1,109,127	1,123,570	1,125,674	1,223,418	1,213,520	1,146,402	1,434,801	1,224,741	1,361,102
Support Services:									
Tuition	7,094,482	7,206,461	7,563,097	7,400,345	7,739,692	8,326,732	6,469,010	6,533,987	5,872,964
Student & instruction related services	8,459,610	9,893,130	9,739,489	10,654,734	11,692,928	10,083,677	10,646,432	12,042,453	13,060,606
General administrative services	994,963	1,061,435	1,123,149	1,336,685	1,173,600	1,224,772	1,189,885	1,131,062	946,725
School administrative services	3,408,196	3,462,532	3,850,389	4,089,255	4,064,188	3,826,379	4,169,690	4,554,281	4,253,322
Central Administration		975,257	942,653	1,048,764	1,004,006	1,165,427	1,374,370	1,518,228	1,565,419
Business administrative services	1,032,551								
Plant operations and maintenance	6,401,793	6,277,415	6,999,156	7,359,751	7,256,598	7,950,463	6,802,338	6,949,843	6,644,370
Pupil transportation	1,902,695	1,661,685	1,888,254	1,867,390	2,063,235	1,961,481	1,819,573	1,609,196	1,914,443
Unallocated Benefits	4,366,605	4,846,463	5,616,007	7,969,874	8,196,847	4,478,053	6,543,098	5,511,656	7,866,070
Allocated Benefits						5,477,494	5,785,254	5,932,855	5,817,476
Special Schools	25,606	45,995	51,551						
Charter Schools					405,936	565,787	691,043	663,317	881,134
Interest on long-term debt	490,649	451,157	430,364	402,196	372,506	343,314	174,538	233,263	206,380
Unallocated depreciation	1,701,292	1,505,836	1,565,246	460,613	326,819	595,148	644,696	686,487	914,767
Amortization & Capital Lease Obligations							471,560	1,041,263	(33,956)
Capital Outlay - nondepreciable	2,240,372	1,052,006	492,516	646,188	608,561	391,229	258,309	76,830	52,665
Total governmental activities expenses	74,807,040	76,630,638	79,906,547	85,688,117	88,637,182	89,393,173	94,817,828	93,719,958	97,536,097
Business-type activities:									
Food service	1,333,849	1,589,991	1,677,666	1,626,161	1,720,905	1,815,586	1,928,573	2,095,850	2,238,297
Academy School									
Total business-type activities expense	1,333,849	1,589,991	1,677,666	1,626,161	1,720,905	1,815,586	1,928,573	2,095,850	2,238,297
Total district expenses	\$ 76,140,889	\$ 78,220,629	\$ 81,584,213	\$ 87,314,278	\$ 90,358,087	\$ 91,208,759	\$ 96,746,401	\$ 95,815,808	\$ 99,774,394
Program Revenues									
Governmental activities:									
Charges for services:									
Operating grants and contributions	9,892,212	10,438,431	10,724,264	10,461,583	11,109,185	4,823,073	5,716,280	3,961,723	4,052,372
Capital grants and contributions	-	-	-	-	-	-	305,552	106,337	232,061
Total governmental activities program revenues	9,892,212	10,438,431	10,724,264	10,461,583	11,109,185	4,823,073	6,021,832	4,068,060	4,284,433

Hackensack Board of Education
Changes in Net Assets, Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:									
Charges for services									
Food service	608,509	585,142	569,155	501,936	523,087	464,452	447,814	420,974	428,259
Operating grants and contributions	772,643	1,089,100	1,132,924	1,202,162	1,262,610	1,428,043	1,710,133	1,725,137	1,878,859
Capital grants and contributions									
Total business-type activities program revenues	1,381,152	1,674,242	1,702,079	1,704,098	1,785,697	1,892,495	2,157,947	2,146,111	2,307,118
Total district program revenues	\$ 11,273,364	\$ 12,112,673	\$ 12,426,343	\$ 12,165,681	\$ 12,894,882	\$ 6,715,568	\$ 8,179,779	\$ 6,214,171	\$ 6,591,551
Net (Expense)/Revenue									
Governmental activities	\$ (64,914,828)	\$ (66,192,207)	\$ (69,182,283)	\$ (75,226,534)	\$ (77,527,997)	\$ (84,570,100)	\$ (88,795,996)	\$ (89,651,898)	\$ (93,251,664)
Business-type activities	47,303	84,251	24,413	77,937	64,792	76,909,00	229,374,00	50,261,00	68,821,00
Total district-wide net expense	\$ (64,867,525)	\$ (66,107,956)	\$ (69,157,870)	\$ (75,148,597)	\$ (77,463,205)	\$ (84,493,191)	\$ (88,566,622)	\$ (89,601,637)	\$ (93,182,843)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property taxes levied for general purposes, net	\$ 48,760,747	\$ 49,879,303	\$ 50,953,742	\$ 53,452,727	\$ 56,693,791	\$ 58,796,582	\$ 61,239,258	\$ 63,715,174	\$ 66,302,510
Taxes levied for debt service	1,017,520	1,084,591	1,082,034	1,053,774	820,098	994,912	792,436	1,064,132	804,445
Unrestricted grants and contributions	10,129,837	11,019,986	12,071,563	14,673,639	15,183,297	18,505,940	17,217,310	17,246,250	20,398,040
Tuition Received	4,371,631	4,745,492	4,909,035	5,273,917	5,170,100	5,712,114	6,281,947	6,944,414	6,900,539
Investment earnings	132,701	318,333	606,367	763,868	387,639	100,057	95,646	58,647	966
Miscellaneous income	1,571,629	743,123	930,780	318,740	301,309	381,670	312,863	154,399	275,782
Excess Refinanced Loan Proceeds		23,800							
State Aid- State Facilities Grant	388,038		6,426,366						
Local Aid - Port Authority Grant									
Transfers									
Federal and State Aid - Capital outlay									
Total governmental activities	66,372,103	67,814,628	76,979,887	75,536,665	78,556,234	84,491,275	85,939,460	89,183,016	94,682,282
Business-type activities:									
Investment earnings								78	123
Miscellaneous Income									
Transfers									
Total business-type activities								78	123
Total district-wide	\$ 66,372,103	\$ 67,814,628	\$ 76,979,887	\$ 75,536,665	\$ 78,556,234	\$ 84,491,275	\$ 85,939,460	\$ 89,183,094	\$ 94,682,405
Change in Net Assets									
Governmental activities	\$ 1,457,275	\$ 1,622,421	\$ 7,797,604	\$ 310,131	\$ 1,028,237	\$ (78,825)	\$ (2,856,536)	\$ (468,882)	\$ 1,430,618
Business-type activities	47,303	84,251	24,413	77,937	64,792	76,909	229,374	50,339	68,944
Total district	\$ 1,504,578	\$ 1,706,672	\$ 7,822,017	\$ 388,068	\$ 1,093,029	\$ (1,916)	\$ (2,627,162)	\$ (418,543)	\$ 1,499,562

Source: CAFR Schedule A-2.

The J-2 is a ten year schedule. This sample is for the year of implementation of GASBS 44. Districts are not required by GASB to report years prior to the implementation date of Statement 44. However, the department strongly encourages districts to report retroactively back to the year they implemented Statement 34. This illustration is for a district which implemented GASB 34 in 6/30/03 and is reporting retroactively.

Hackensack Board of Education
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund									
Reserved	\$ 5,153,502	\$ 8,653,573	\$ 9,589,036	\$ 7,095,676	\$ 8,121,428	\$ 8,232,971	\$ 4,909,752		
Unreserved	3,357,637	1,688,135	1,933,457	2,089,495	1,673,252	769,443	1,249,410		
Restricted								2,628,645	3,768,021
Committed								510,533	262,350
Assigned								889,496	1,855,896
Unassigned								1,598,726	1,306,634
Total general fund	\$ 8,511,139	\$ 10,341,708	\$ 11,522,493	\$ 9,185,171	\$ 9,794,680	\$ 9,002,414	\$ 6,159,162	\$ 5,627,400	\$ 7,192,901
All Other Governmental Funds									
Reserved									
Unreserved, reported in:									
Special revenue fund	(56,708)	(43,950)	(72,318)	(67,009)	(98,186)	-	-		
Capital projects fund	2,384,657	2,427,919	2,454,283	3,704,594	3,451,675	1,925,343	756,247		
Debt service fund	2	30,022	299,230	367,020	225,776	168,970	76,199		
Assigned, reported in:									
Capital projects fund								683,443	521,812
Debt service fund								273,111	367,069
Total all other governmental funds	\$ 2,327,951	\$ 2,413,991	\$ 2,681,195	\$ 4,004,605	\$ 3,579,265	\$ 2,094,313	\$ 832,446	\$ 956,554	\$ 888,881

Source: CAFR Schedule B-1

The J-3 is a ten year schedule. This sample is for the year of implementation. Districts are not required by GASB to report years prior to the implementation date of Statement 44. However, the department strongly encourages districts to report retroactively back to the year they implemented Statement 34. This illustration is for a district which implemented GASB 34 in 6/30/03 and is reporting retroactively.

Hackensack Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Tax levy	\$ 47,670,532	\$ 49,778,267	\$ 50,963,894	\$ 52,035,776	\$ 54,506,501	\$ 57,513,889	\$ 59,791,494	\$ 62,031,694	\$ 64,779,306	\$ 67,106,955
Tuition	4,176,793	4,371,631	4,745,492	4,909,035	5,273,917	5,170,100	5,712,114	6,281,947	6,944,414	6,900,539
Interest earnings	190,966	132,701	265,266	606,367	763,868	387,639	100,057	95,646	58,647	966
Miscellaneous	836,444	1,804,584	846,631	7,357,146	352,267	312,741	393,411	321,074	162,610	279,599
State sources	14,439,272	15,167,607	15,879,405	17,390,538	19,792,837	21,246,188	19,976,596	16,665,590	18,424,074	21,158,521
Federal sources	2,788,228	4,601,475	5,528,571	5,405,289	5,308,858	5,034,862	3,340,676	6,565,341	2,882,025	3,520,135
Total revenue	70,102,235	75,856,265	78,229,259	87,704,151	85,998,248	89,665,419	89,314,348	91,961,292	93,251,076	98,966,715
Expenditures										
Instruction										
Regular Instruction	24,082,200	25,861,496	26,487,509	27,651,202	28,946,580	29,735,325	30,817,940	34,449,221	30,903,308	32,198,345
Special education instruction	4,391,270	4,543,289	4,829,682	5,013,079	5,247,901	5,982,963	5,985,526	6,421,294	7,077,148	7,380,750
Other special instruction	1,248,895	1,262,912	1,475,842	1,509,043	1,622,204	1,621,041	1,912,361	1,945,035	1,823,109	1,813,458
Other instruction	933,403	998,637	1,004,203	1,000,555	1,067,762	1,085,131	1,084,857	1,345,485	1,131,868	1,253,065
Support Services:										
Instruction	7,576,845	7,094,482	7,206,461	7,563,097	7,400,345	7,739,692	8,326,732	6,469,010	6,533,987	5,872,964
Attendance and social work services	20,880	20,880	22,438	21,756	22,035	22,759	548,261	426,066	180,928	170,564
Health Services	583,069	508,387	549,478	597,869	604,129	668,384	743,941	903,832	913,268	855,428
Student & instruction related services	7,156,238	7,224,777	8,561,976	8,426,190	9,162,112	10,136,858	8,274,784	8,667,093	9,962,348	10,950,983
General administrative services	919,656	932,141	983,500	1,037,811	1,229,298	1,070,555	1,165,577	1,135,434	1,065,655	899,140
School Administrative services	2,844,388	2,947,373	2,979,368	3,315,909	3,435,137	3,463,251	3,522,021	3,815,545	4,082,427	3,792,230
Business and other support services	840,529	910,078	981,632							
Central administrative services			879,960	942,653	1,048,764	872,791	1,091,236	1,269,576	1,381,949	1,414,568
Plant operations and maintenance	5,684,012	5,960,569	5,910,196	6,504,115	6,874,013	6,799,696	7,639,165	6,486,289	6,529,339	6,200,809
Pupil transportation	1,704,227	1,898,257	1,655,893	1,882,435	1,866,036	2,062,025	1,960,860	1,819,573	1,608,981	1,914,443
Allocated employee benefits							4,478,053	5,785,254	5,932,855	5,817,476
Unallocated employee benefits	5,319,714	5,831,968	5,321,091	6,298,732	7,812,424	7,600,842	4,468,887	5,095,877	6,379,972	6,914,814
TPAF Pension / Social Security	3,807,029	4,499,831	4,758,500	5,559,226	8,133,399	8,423,780	5,522,866	5,948,156	5,976,421	7,334,294
Charter Schools		25,606	45,995	51,551		405,936	565,787	691,043	663,317	881,134
Capital outlay	1,050,361	1,322,524	1,237,617	7,798,904	1,456,226	700,916	2,389,989	2,494,355	1,982,112	764,785
Debt service:										
Principal	561,332	580,285	595,380	643,298	672,835	707,485	742,328	710,000	630,000	630,000
Interest and other charges	514,317	490,300	459,191	438,735	410,960	381,820	350,395	188,273	237,988	209,637
Total expenditures	69,238,365	72,913,792	75,945,912	86,256,160	87,012,160	89,481,250	91,591,566	96,066,411	94,996,980	97,468,887
Excess (Deficiency) of revenues over (under) expenditures	863,870	2,942,473	2,283,347	1,447,991	(1,013,912)	184,169	(2,277,218)	(4,105,119)	(1,745,904)	1,497,828

Hackensack Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other Financing sources (uses)										
Transfers in	-	-	-	269,209	2,214,710	127,963	41,005	3,065	768	723,236
Transfers out	(213,047)	(421,150)	(410,000)	(269,209)	(2,214,710)	(127,963)	(41,005)	(3,065)	(768)	(723,236)
Capital leases (non-budgeted)										
Total other financing sources (uses)	(213,047)	(421,150)	(410,000)	-	-	-	-	-	1,338,250	-
Net change in fund balances	\$ 650,823	\$ 2,521,323	\$ 1,873,347	\$ 1,447,991	\$ (1,013,912)	\$ 184,169	\$ (2,277,218)	\$ (4,105,119)	\$ (407,654)	\$ 1,497,828
Debt service as a percentage of noncapital expenditures	1.6%	1.5%	1.4%	1.4%	1.3%	1.2%	1.2%	1.0%	0.9%	0.9%

NOTE: Capital Projects Fund is not included as these expenditures vary substantially from year to year. The financial data presented would not be as meaningful for comparative purposes if these were included.

Source: CAFR Schedule B-2 and C-2

Exhibit J-5

**Hackensack Board of Education
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals	Refunds	Misc.	Total
2003	190,966	4,176,793	107,218	193,478	102,269	4,770,724
2004	132,701	4,371,631	260,299	463,820	41,840	5,270,291
2005	265,266	4,745,492	250,984	157,999	12,404	5,432,145
2006	510,077	4,909,035	250,377	619,925	93,409	6,382,823
2007	763,868	5,273,917	51,097	267,643		6,356,525
2008	387,639	5,170,100	25,911	134,978	12,457	5,731,085
2009	100,057	5,712,114	-	54,667	285,998	6,152,836
2010	95,646	6,281,947	-	57,486	242,311	6,677,390
2011	58,647	6,944,414	52,489	1,484	99,658	7,156,692
2012	966	6,900,539	66,928	143,976	64,541	7,176,950

Source: District Records

Hackensack Board of Education
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Year Ended Dec. 31,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities *	Net Valuation Taxable	Total Direct School Tax Rate ^a	Estimated Actual (County Equalized Value)	% of Net Assessed to Estimated Full Cash Valuations
2002	\$ 26,663,000	\$ 904,832,100			\$ 753,744,900	\$ 151,209,900	\$ 388,554,400	\$ 2,225,004,300	\$ -		\$ 2,225,004,300	2.050		
2003	\$ 23,466,000	\$ 924,858,900			\$ 769,171,300	\$ 150,876,700	\$ 385,242,400	\$ 2,253,615,300	\$ -		\$ 2,253,615,300	2.140		
2004	\$ 23,818,600	\$ 926,098,000			\$ 775,313,800	\$ 150,708,400	\$ 386,132,400	\$ 2,262,071,200	\$ -		\$ 2,262,071,200	2.210		
2005	\$ 24,754,500	\$ 928,798,000			\$ 773,001,000	\$ 150,088,200	\$ 386,106,300	\$ 2,262,748,000	\$ -		\$ 2,262,748,000	2.260		
2006	\$ 24,413,900	\$ 954,256,400			\$ 766,726,700	\$ 140,085,800	\$ 374,163,800	\$ 2,259,646,600	\$ -		\$ 2,259,646,600	2.350		
2007	\$ 52,587,500	\$ 2,749,255,400			\$ 2,007,826,000	\$ 342,569,200	\$ 1,121,885,200	\$ 6,274,127,300	\$ -		\$ 6,274,127,300	0.890		
2008	\$ 57,457,000	\$ 2,728,447,600			\$ 1,987,365,400	\$ 337,615,700	\$ 1,079,890,500	\$ 6,190,776,200	\$ -		\$ 6,190,776,200	1.015	\$ 5,943,910,052	104.15%
2009	\$ 57,457,000	\$ 2,728,447,600			\$ 1,987,365,400	\$ 337,615,700	\$ 1,079,890,500	\$ 6,190,776,200	\$ -		\$ 6,190,776,200	1.015	\$ 6,096,246,072	101.55%
2010	\$ 57,531,800	\$ 2,704,803,000			\$ 1,929,082,100	\$ 323,600,400	\$ 969,174,000	\$ 5,984,191,300	\$ -	\$ 28,273,057	\$ 6,012,464,357	1.038	\$ 6,130,487,593	98.07%
2011	\$ 39,988,200	\$ 2,000,415,500			\$ 1,794,497,900	\$ 296,636,910	\$ 913,359,000	\$ 5,044,897,510	\$ -	\$ 26,094,565	\$ 5,070,992,075	1.300	\$ 5,781,824,970	87.71%

Source: Municipal Tax Assessor

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a. Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b. Tax rates are per \$100

Exhibit J-7

Hackensack Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Hackensack Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	General			Town of Hackensack	Bergen County	
	Basic Rate ^a	Obligation Debt Service ^b	Total Direct			
2002	2.00	0.05	2.05	1.76	0.32	4.13
2003	2.09	0.05	2.14	1.85	0.31	4.30
2004	2.16	0.05	2.21	1.93	0.34	4.48
2005	2.21	0.05	2.26	2.04	0.39	4.69
2006	2.30	0.05	2.35	2.27	0.40	5.02
2007	0.76	0.13	0.89	0.93	0.17	1.99
2008	0.93	0.01	0.94	0.98	0.18	2.097
2009	1.00	0.02	1.02	1.00	0.20	2.215
2010	1.02	0.02	1.04	1.09	0.20	2.328
2011	1.28	0.02	1.30	1.43	0.22	2.951

Source: District Records and Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy .

The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, which ever is greater, plus any pending growth adjustments.

^a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

^b Rates for debt service are based on each year's requirements.

**Hackensack Board of Education
Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Riverside Square Ltd			0.00%			
Hackensack Hospital Assn.			0.00%			
Hackensack VF, LLC	\$ 71,639,700	3	1.41%	\$ 24,796,800	7	1.11%
Stellar Capital Mgmt	\$ 51,455,400	4	1.01%			
Bart VII, LLC	\$ 38,902,800	5	0.77%			
Pierre Apartments	\$ 37,000,000	6	0.73%			
Bloomingtondale's	\$ 35,917,300	7	0.71%	\$ 22,377,500	8	1.00%
MSNW Continental Assn.	\$ 35,631,700	8	0.70%	\$ 26,151,500	6	1.17%
Excelsior I	\$ 33,500,000	9	0.66%	\$ 18,500,000	9	0.83%
Excelsior II	\$ 33,100,000	10	0.65%			
Riverside Partners	\$ 156,048,800	1		\$ 60,750,000	1	2.71%
20 Prospect Ave (HUMC)	\$ 126,774,000	2		\$ 44,500,000	2	1.98%
Continental Plaza Corp				\$ 35,707,000	3	1.59%
Quail Heights				\$ 30,770,500	4	1.37%
Court Plaza Assoc.				\$ 28,771,400	5	1.28%
3 University Plaza				\$ 17,559,000	10	0.78%
Total	<u>\$ 619,969,700</u>		<u>6.65%</u>	<u>\$ 309,883,700</u>		<u>13.82%</u>

Net Assessed Valuation: \$ 2,242,133,037

Net Assessed Valuation: \$ 5,070,992,075

Source: Municipal Tax Assessor.

Exhibit J-9

Hackensack Board of Education
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$47,670,532	\$47,670,532	100.00%	\$ -
2004	\$49,778,267	\$49,778,267	100.00%	\$ -
2005	\$50,963,894	\$50,963,894	100.00%	\$ -
2006	\$52,035,776	\$52,035,776	100.00%	\$ -
2007	\$54,506,501	\$54,506,501	100.00%	\$ -
2008	\$57,513,889	\$56,010,195	97.39%	\$ 1,503,694
2009	\$59,791,494	\$59,791,494	100.00%	\$ -
2010	\$62,031,694	\$62,031,694	100.00%	\$ -
2011	\$64,779,306	\$64,779,306	100.00%	\$ -
2012	\$67,106,955	\$67,106,955	100.00%	\$ -

Source: Municipal Tax Collector

Exhibit J-10

Hackensack Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds/Loans ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	
2003	10,583,411	-	8,474	-	-	10,591,885	\$ 51,291
2004	10,003,126	-	276,400	-	-	10,279,526	\$ 54,669
2005	9,383,946	-	223,100	-	-	9,607,046	\$ 56,963
2006	8,740,648	-	168,700	-	-	8,909,348	\$ 63,021
2007	8,067,814	-	122,378	-	-	8,190,192	\$ 67,113
2008	7,360,328	-	-	-	-	7,360,328	\$ 67,696
2009	6,618,000	-	-	-	-	6,618,000	\$ 64,388
2010	6,040,000	-	-	-	-	6,040,000	\$ 65,486
2011	5,410,000	-	1,075,219	-	-	6,485,219	Not Available
2012	4,780,000	-	817,322	-	-	5,597,322	Not Available

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b Includes Early Retirement Incentive Plan (ERIP) refunding

Exhibit J-11

Hackensack Board of Education
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds/Loans	Deductions	Net General Bonded Debt Outstanding		
2003	\$ 10,583,411	-	10,583,411	0.47%	\$ 206
2004	\$ 10,003,126	-	10,003,126	0.44%	\$ 183
2005	\$ 9,383,946	-	9,383,946	0.41%	\$ 165
2006	\$ 8,740,648	-	8,740,648	0.39%	\$ 139
2007	\$ 8,067,814	-	8,067,814	0.13%	\$ 120
2008	\$ 7,360,328	-	7,360,328	0.12%	\$ 109
2009	\$ 6,618,000	-	6,618,000	0.11%	\$ 103
2010	\$ 6,040,000	-	6,040,000	0.10%	\$ 92
2011	\$ 5,410,000	-	5,410,000	0.09%	Not Available
2012	\$ 4,780,000	-	4,780,000	0.09%	Not Available

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

^a See Exhibit NJ J-6 for property tax data.

^b Population data can be found in Exhibit NJ J-14.

Hackensack Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2012

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable^a</u>	<u>Debt Outstanding</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt of School District as of June 30, 2011			\$ 4,780,000
Net overlapping debt of School District:			
City of Hackensack	100.000%	\$ 36,022,335	
County of Bergen - City's Share	3.770%	\$ 20,441,394	
Bergen County Utility Authority-City's Share	9.610%	\$ 26,793,371	
Subtotal, overlapping debt			<u>\$ 83,257,100</u>
Total direct and overlapping debt			<u><u>\$ 88,037,100</u></u>

Sources: Town of Hackensack Town Administrator / Bergen County Treasurer's Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Hackensack. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Equalized valuation basis

[illegible]

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

**Hackensack Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years**

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita		Unemployment Rate ^d
			Personal Income ^c		
2003	43,177	\$ 2,214,591,507	51,291		6.40%
2004	43,101	\$ 2,356,288,569	54,669		5.30%
2005	43,041	\$ 2,451,744,483	56,963		4.60%
2006	42,788	\$ 2,696,542,548	63,021		4.60%
2007	42,134	\$ 2,827,739,142	67,113		4.60%
2008	42,637	\$ 2,886,354,352	67,696		4.60%
2009	42,839	\$ 2,758,317,532	64,388		9.70%
2010	43,060	\$ 2,819,827,160	65,486		9.80%
2011	43,285	Not Available	Not Available		9.50%
2012	Not Available	Not Available	Not Available	Not Available	Not Available

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
^b Personal income - Bergen County - provided by NJ Dept of Labor and Workforce Development
^c Per Capita Personal Income - Bergen County - provided by NJ Dept of Labor and Workforce Development
^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

Hackensack Board of Education
Principal Employers
Current Year and Ten Years Ago **

	2012			2003		
	Employer	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)
				Percentage of Total Employment		

THE NEW JERSEY DEPARTMENT OF LABOR AND AREA EMPLOYERS REFUSED
TO RELEASE INFORMATION NEED TO COMPLETE THIS SCHEDULE DUE TO
PRIVACY CONCERNS

Source: Town of Hackensack

** Data was only provided for years noted

Hackensack Board of Education
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

<u>Function/Program</u>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction										
Regular	495	521	543	530	533	533	536	413	375	304
Special education	22	26	23	24	26	27	30	143	135	216
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	5	6	16	17	17	17	18	74	17	85
General administrative services	5	5	5	5	6	6	6	6	6	6
School administrative services	37	36	39	40	40	40	37	39	42	52
Business administrative services	13	13	12	13	13	13	15	16	15	16
Plant operations and maintenance	57	57	57	56	57	57	55	56	51	62
Pupil transportation	-	-	-	1	-	-	-	-	-	-
Total	633	664	695	686	692	693	697	747	641	741

Source: District Personnel Records

Hackensack Board of Education
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2003	4,854.0	67,345,657	13,874	7.98%	470	1:23	1:25	1:25	4,854	4,594	#DIV/0!	94.64%
2004	4,894.0	71,163,610	14,541	4.81%	485	1:23	1:25	1:25	4,894	4,629	0.82%	94.59%
2005	4,931.0	74,226,493	15,053	3.52%	485	1:23	1:25	1:25	4,931	4,639	0.76%	94.08%
2006	4,984.0	77,095,012	15,469	2.76%	485	1:23	1:25	1:25	4,852	4,596	-1.60%	94.72%
2007	4,992.0	85,061,777	17,040	10.16%	485	1:23	1:25	1:25	4,949	4,632	0.37%	93.59%
2008	4,902.0	87,691,029	17,889	4.98%	485	1:23	1:25	1:25	4,922	4,586	1.44%	93.17%
2009	4,970.0	88,108,854	17,728	-0.90%	536	1:23	1:25	1:25	4,902	4,633	-0.41%	94.51%
2010	5,063.0	92,673,783	18,304	3.25%	556	1:23	1:25	1:25	5,033	4,759	2.67%	94.56%
2011	5,114.0	92,146,880	18,019	-1.56%	510	1:23	1:25	1:25	5,132	4,893	1.97%	93.34%
2012	5,258.0	95,864,465	18,232	1.19%	520	1:11	1:10	1:10	5,224	4,994	1.79%	93.60%

Sources: District records, ASSA and Schedules J-4

Note: Enrollment based on annual October district count for all students attending school facilities

a Operating expenditures equal total general fund and special revenue fund expenditures less debt service and capital outlay; Schedule J-4

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**Hackensack Board of Education
School Building Information
Last Ten Fiscal Years**

<u>District Buildings</u>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Elementary</u>										
Nellie K. Parker School										
Square Feet	80,280	80,280	80,280	80,280	80,280	80,280	80,280	80,280	80,280	80,280
Capacity (students)	539	539	539	539	539	539	539	539	539	539
Enrollment	444	449	442	426	415	415	440	440	499	531
Fairmount School										
Square Feet	61,000	61,000	61,000	61,000	61,000	61,000	61,000	61,000	61,000	61,000
Capacity (students)	611	611	611	611	611	611	611	611	611	611
Enrollment a	573	563	532	544	539	539	559	559	599	665
Fanny M. Hillers School										
Square Feet	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Capacity (students)	526	526	526	526	526	526	526	526	526	526
Enrollment a	484	463	434	454	494	494	516	516	564	568
Jackson Avenue School										
Square Feet	60,800	60,800	60,800	60,800	60,800	60,800	60,800	60,800	60,800	60,800
Capacity (students)	434	434	434	434	434	434	434	434	434	434
Enrollment a	427	431	407	417	398	398	430	430	479	468
<u>Middle School</u>										
Middle School										
Square Feet	103,293	103,293	103,293	103,293	103,293	103,293	103,293	103,293	103,293	133,270
Capacity (students)	1,445	1,445	1,445	1,445	1,445	1,445	1,445	1,161	1,161	1,686
Enrollment	700	699	715	684	654	654	673	673	633	1,297
<u>High School</u>										
Hackensack High School										
Square Feet	158,243	158,243	158,243	158,243	158,243	158,243	158,243	158,243	158,243	158,243
Capacity (students)	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064
Enrollment	1,714	1,837	1,848	1,812	1,748	1,783	1,712	1,712	1,715	1,729
<u>Other</u>										
Administration Building										
Square Feet	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
5/6 School										
Square Feet	29,977	29,977	29,977	29,977	29,977	29,977	29,977	29,977	29,977	29,977
Capacity (students)	525	525	525	525	525	525	525	525	525	525
Enrollment a	721	677	646	645	654	619	589	589	625	625

Number of Schools at June 30, 2012

Elementary = 4
Middle School = 1
High School = 1
Other Buildings = 1

Source: District records, ASSA

Note: Enrollment is based on students enrolled within the District -- out of district students have not been included

Hackensack Board of Education
General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

School Facilities	Project # (s)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Hackensack High School	N/A	218,177	206,518	235,489	499,850	398,937	323,981	384,195	279,830	318,926	231,778
Middle School	N/A	130,216	347,638	323,929	242,878	430,508	468,897	80,812	246,242	265,234	259,373
Nellie K. Parker School	N/A	52,481	64,689	88,767	153,104	65,913	99,440	52,727	118,104	111,635	99,550
Fairmount School	N/A	35,413	70,851	97,089	136,496	66,577	138,421	68,837	53,768	155,794	112,568
Fanny M. Hillers School	N/A	109,118	89,141	173,251	208,755	51,664	60,088	62,998	84,768	273,050	83,996
Jackson Avenue School	N/A	57,598	75,812	45,469	95,343	26,608	61,580	297,344	48,256	229,910	83,637
Total School Facilities		603,003	854,649	963,994	1,336,426	1,040,207	1,152,407	946,913	830,968	1,354,549	870,902
Other Facilities											
Administration Building	N/A	63,035	37,797	54,389	44,683	39,258	47,454	44,596	61,167	54,098	361,532
Grand Total		\$ 666,038	\$ 892,446	\$ 1,018,383	\$ 1,381,109	\$ 1,079,465	\$ 1,199,861	\$ 991,509	\$ 892,135	\$ 1,408,647	\$ 1,232,434

**Hackensack Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2012
Unaudited**

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
	School package policy -		
	Property - Blanket Building and Contents	\$ 166,128,820	\$ 5,000
	Comprehensive General Liability	2,000,000	5,000
	Comprehensive Automobile Liability	1,000,000	5,000
	Comprehensive Crime Coverage	100,000	5,000
	Comprehensive Crime Coverage - excess indemnity	400,000	5,000
	Computers and schedule equipment -		
	Data Processing Equipment	2,500,000	5,000
	Musical instruments	250,000	250
	Other	5,000,000	5,000
	Boiler and machinery -		
	Umbrella policy	5,900,000	10,000
	School Board legal liability -		
	Directors and officers policy	1,000,000	10,000
	Public Employees' Faithful Performance Blanket	400,000	5,000
	Position Bond - Treasurer	405,000	
	Position Bond - Board Secretary	100,000	
	Pollution	1,000,000	15,000

Source: District Records

SINGLE AUDIT SECTION

Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable President and
Members of the Board of Education
City of Hackensack School District
County of Bergen, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the City of Hackensack School District in the County of Bergen as of and for the fiscal year ended June 30, 2012 which collectively comprise the basic financial statements of the Board of Education of the City of Hackensack School District in the County of Bergen, and have issued our report thereon dated October 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Board of Education of the City of Hackensack School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Hackensack School District Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Hackensack School District Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Hackensack School District Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.



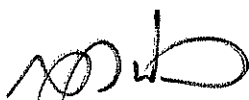
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

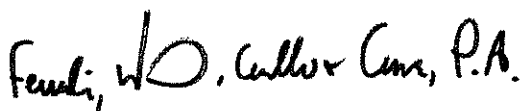
As part of obtaining reasonable assurance about whether the City of Hackensack School District Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

We noted certain matters that we reported to the Board of Education of the City of Hackensack School District in a separate report entitled, *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* dated October 12, 2012.

This report is intended solely for the information of management, the City of Hackensack Board of Education, New Jersey State Department of Education and other state and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.



Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

October 12, 2012

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL AND STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04

Honorable President and
Members of the Board of Education
City of Hackensack School District
County of Bergen, New Jersey

Compliance

We have audited the compliance of the Board of Education of the City of Hackensack School District in the County of Bergen with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012. City of Hackensack School District Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the City of Hackensack School District Board of Education's management. Our responsibility is to express an opinion on the City of Hackensack School District Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"; and the provisions the New Jersey State Treasury Circular Letter 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards, and OMB Circular A-133 and N.J. OMB Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the City of Hackensack School District Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Hackensack School District Board of Education's compliance with those requirements.



In our opinion, the City of Hackensack School District Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2012.


Internal Control Over Compliance

The management of the City of Hackensack School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the City of Hackensack School District Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Hackensack School District Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the management, the City of Hackensack Board of Education, the New Jersey State Department of Education, other state and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

October 12, 2012



HACKENSACK
BOARD OF EDUCATIONSchedule of Expenditures of Federal Awards
Year ended June 30, 2012

														MEMO
Federal CFDA Number	Federal Grantor/Pass-through Grantor/ Program Title	Grant Period	Award Amount	Balance at June 30, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2012			Cumulative Total Expenditures	
										(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor		
U.S. Department of Agriculture														
Passed-through State Department of Education:														
Enterprise Fund:														
10.550	USDA Commodities	7/1/11-6/30/12	\$ 70,198			70,198	70,198						70,198	
10.555	National School Lunch Program	7/1/11-6/30/12	1,081,046			1,006,464	1,081,046			(74,582)			1,081,046	
10.555	National School Lunch Program	7/1/10-6/30/11	982,647	(72,681)		72,681							982,647	
10.553	National Breakfast Program	7/1/11-6/30/12	669,259			613,330	669,259			(55,929)			669,259	
10.553	National Breakfast Program	7/1/10-6/30/11	607,316	(60,211)		60,211							607,316	
10.579	ARRA - National School Lunch Prog. Equip.	7/1/09-6/30/11	51,484										51,484	
Total U.S. Department of Agriculture				(132,892)		1,822,884	1,820,503			(130,511)			3,456,411	
U.S. Department of Education														
General Fund:														
84.410A	Education Jobs Fund	7/1/11-6/30/12	484,898			484,898	484,898						484,898	
93.778	Medical Assistance Program (SEMI)	7/1/11-6/30/12	85,024			52,424	85,024			(32,600)			85,024	
93.778	Medical Assistance Program (SEMI)	7/1/10-6/30/11	71,189	(38,856)		38,856							71,189	
Total General Fund				(38,856)		576,178	569,922			(32,600)			641,111	
U.S. Department of Education														
Passed-through State Department of Education:														
Special Revenue Fund:														
84.010	Title I Part A, Improving Basic Programs	9/1/11-8/31/12	1,204,167		(215,944)	1,149,490	834,266	(65,426)			33,854		834,266	
84.010	Title I Part A, Improving Basic Programs	9/1/10-8/31/11	863,328	(215,944)	215,944								705,560	
84.389	ARRA - Title I, Part A	9/1/09-8/31/11	674,775	(10,029)		154,187	143,235	(923)					660,870	
84.010	Title I - SIA	9/1/09-8/31/10	27,261	(1,189)		44,131		(42,942)					30,284	
84.389	ARRA - Title I, SIA	9/1/09-8/31/11	34,578	(30,078)		30,078							34,578	
				(257,240)		1,377,886	977,501	(109,291)			33,854			
84.027	ID.E.A. Part B	9/1/11-8/31/12	1,262,923		(123,052)	1,372,121	1,445,768			(196,699)			1,445,769	
84.027	ID.E.A. Part B	9/1/10-8/31/11	1,230,118	(123,052)	123,052								1,152,051	
84.391	ARRA - ID.E.A. Part B	9/1/09-8/31/11	1,311,499	(338,787)		337,951		394		(442)			1,263,090	
84.173	ID.E.A. Part B Preschool	9/1/11-8/31/12	49,427		(1,126)	47,740	46,614						46,614	
84.173	ID.E.A. Part B Preschool	9/1/10-8/31/11	48,810	(1,126)	1,126								4,303	
84.392	ARRA - ID.E.A. Part B Preschool	9/1/09-8/31/11	47,178	(14,312)	14,312								45,065	
				(477,277)		1,757,812	1,492,382	394		(197,141)				
84.367A	Title II Part A	9/1/11-8/31/12	212,407		(33,695)	234,790	228,469	(7,295)		(34,669)			228,469	
84.367A	Title II Part A	9/1/10-8/31/11	227,552	(33,695)	33,695								267,574	
				(33,695)		234,790	228,469	(7,295)		(34,669)				
84.318X	Title II Part D	9/1/10-8/31/11	2,175	2,524		9,691		(10,040)			2,175		7,117	
84.365A	Title III	9/1/11-8/31/12	95,944		(26,910)	115,800	68,146	(3,684)			17,060		68,146	
84.365A	Title III	9/1/10-8/31/11	148,817	(26,910)	26,910								112,162	
84.365A	Title III, Immigrant	9/1/11-8/31/12	135,381		(26,097)	88,644	95,501	13,952		(19,002)			95,501	
84.365A	Title III, Immigrant	9/1/10-8/31/11	51,738	(26,097)	26,097									
				(53,007)		204,444	163,647	10,268		(19,002)	17,060			

**HACKENSACK
BOARD OF EDUCATION**
Schedule of Expenditures of Federal Awards
Year ended June 30, 2012

	Federal CFDA Number	Federal Grantor/Pass-through Grantor/ Program Title	Grant Period	Award Amount	Balance at June 30, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2012			Cumulative Total Expenditures
											(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	
(continue from prior page)														
	84.186A	Title IV, Safe and Drug Free Schools	9/1/09-8/31/10	18,764	(12,969)		27,390	2,914	(11,507)					22,404
	84.048	Vocational Education - Perkins	9/1/11-8/31/12	56,655		(11,724)	69,976	46,730	(4,185)			7,337		46,730
	84.048	Vocational Education - Perkins	9/1/10-8/31/11	45,325	(11,724)	11,724	69,976	46,730	(4,185)			7,337		43,242
	84.287	21st Century Grant	7/1/07-6/30/08	535,000	(21,264)				21,264					531,061
	84.357	Reading First	7/1/09-6/30/10	127,034	5,038				(5,038)					553,541
	84.357	Reading First	7/1/08-6/30/09	563,527	(5,060)				5,060					1,493,748
	84.357	Reading First	7/1/07-6/30/08	1,518,339	(6,204)				6,204					
					(6,226)				6,226					
	17.259	Workforce Year Round Youth Program - Drop-in	7/1/11-6/30/12	15,000			7,498	14,716			(7,218)			14,716
	17.259	Workforce Year Round Youth Program - Drop-in	7/1/10-6/30/11	37,890	(17,630)		17,337		2,366		(293)			30,798
	17.259	Workforce Year Round Youth Program - Drop-in	7/1/09-6/30/10	31,890	(2,366)				9,807					17,848
	17.259	Workforce Year Round Youth Program - Drop-in	7/1/07-6/30/08	18,081	(9,807)				656					20,066
	17.259	Workforce Year Round Youth Program - Drop-in	7/1/06-6/30/07	20,090	(656)				135					6,000
	17.259	ARRA Workforce Year Round Youth Program - Drop-in	7/1/09-6/30/10	6,000	(135)						(12,094)			23,855
	17.259	Project ACES	7/1/11-6/30/12	24,000	(8,897)		11,761	23,855			(10)	387		17,166
	17.259	Project ACES	7/1/10-6/30/11	18,665			9,274		642					14,351
	17.259	Project ACES	7/1/09-6/30/10	14,400	(642)				8,068		(19,615)			16,419
	17.259	Project ACES	7/1/07-6/30/08	16,725	(8,068)		45,870	38,571	21,674					
					(48,201)									
	84.027A	Local Capacity Building & Improvement Project	10/1/04-9/30/06	250,000	(1,423)				1,423					149,446
		Comprehensive School Reform Carryover	9/1/06-8/31/07	182,000	(1,686)				1,686					181,288
		Reaching Everyone By Exposing Lies	9/1/08-6/15/09	3,000	2,491				(2,491)					500
														2,009
					(919,697)	14,312	3,727,859	2,950,214	(81,874)		(270,427)	60,813		10,186,607
					\$ (1,091,445)	14,312	6,126,921	5,340,639	(81,874)		(433,538)	60,813		14,284,129
		Total U.S. Department of Education												
		Total Federal Financial Assistance												

Total U.S. Department of Education

Total Federal Financial Assistance

See accompanying notes to schedules of expenditures of federal and state awards.

**HACKENSACK
BOARD OF EDUCATION**

Schedule of Expenditures of State Awards and Other Local Awards

Year ended June 30, 2012

	Grant or State Project Number	State Grant/Program Title	Balance at June 30, 2011					Balance at June 30, 2012					MEMO		
			Award Amount	Deferred Revenue (Accts Receivable)	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:															
General Fund:															
Equalization Aid	495-034-5120-078		9,026,289		7/1/11-6/30/12		9,026,289	9,026,289					(730,325)	9,026,289	
Special Education Aid	495-034-5120-089		2,582,040		7/1/11-6/30/12		2,582,040	2,582,040					(208,915)	2,582,040	
Extraordinary Aid	495-034-5120-044			(996,776)	7/1/11-6/30/12			1,095,664		(1,095,664)				996,776	
Reimbursed TPAF Social Security	495-034-5095-051		3,197,005		7/1/11-6/30/12		3,034,863	3,197,005		(162,142)				3,197,005	
Reimbursed TPAF Social Security	495-034-5095-051		3,127,486	(160,217)	7/1/10-6/30/11		160,217							3,127,486	
On Behalf TPAF NCGI Premium	495-034-5095-001		133,197		7/1/11-6/30/12		133,197	133,197						133,197	
On Behalf TPAF Pension - Post Retirement	495-034-5095-001		4,004,092		7/1/11-6/30/12		4,004,092	4,004,092						4,004,092	
				(1,156,993)			19,937,474	20,038,287		(1,257,806)			(939,240)	23,066,885	
Special Revenue Fund:															
Preschool Education Aid	495-034-5120-086		672,850		7/1/11-6/30/12		605,565	615,419		(9,854)			(67,285)	615,419	
Preschool Education Aid	495-034-5120-086		757,060	97,095	7/1/10-6/30/11		75,706	172,801						757,060	
Nonpublic Text Chapter 194	100-034-5210-064		13,198		7/1/11-6/30/12	3,994	13,198	11,727			1,471			11,727	
Nonpublic Text Chapter 194	100-034-5210-064		15,234		7/1/10-6/30/11				3,994					11,240	
Chapter 192 - Compensatory Education	100-034-5120-067		170,757		7/1/11-6/30/12	28,802	170,757	80,053			90,704			80,053	
Chapter 192 - Compensatory Education	100-034-5120-067		122,241		7/1/10-6/30/11				28,802					93,439	
Chapter 192 - ESL	100-034-5120-067		33,620		7/1/11-6/30/12									17,241	
Chapter 192 - ESL	100-034-5120-067		31,591		7/1/10-6/30/11	16,308		17,241	16,308					17,241	
Chapter 193 - Supplemental Instruction	100-034-5120-066		25,255		7/1/11-6/30/12									15,283	
Chapter 193 - Supplemental Instruction	100-034-5120-066		17,371		7/1/10-6/30/11	3,683		11,689	3,683					11,689	
Chapter 193 - Examination and Classification	100-034-5120-066		24,641		7/1/11-6/30/12		24,641	20,609			4,032			13,688	
Chapter 193 - Examination and Classification	100-034-5120-066		23,127		7/1/10-6/30/11	3,830			3,830					20,609	
Chapter 193 - Corrective Speech	100-034-5120-066		30,014		7/1/11-6/30/12	6,962	30,014	14,770			15,244			19,297	
Chapter 193 - Corrective Speech	100-034-5120-066		26,755		7/1/10-6/30/11				6,962					14,770	
Nonpublic Nursing	100-034-5120-066		18,852		7/1/11-6/30/12		18,852	18,852						19,793	
Friendly Family	100-034-5120-070		45,463		7/1/11-6/30/12									18,852	
Friendly Family	100-034-5120-070		45,463	8,452	7/1/10-6/30/11		45,463	32,394		13,069				32,394	
Friendly Family	7/1/09-6/30/10		45,463	12,650						8,452				37,011	
School Based Youth Service Program	7/1/10-6/30/12		299,940				299,940	299,489		(12,650)				32,813	
School Based Youth Service Program	7/1/10-6/30/11		299,940	6,107						451				299,489	
School Based Youth Service Program	7/1/09-6/30/10		299,940	29,216						6,107				293,833	
Children's Health Insurance Program														269,660	
Reauthorization Act (CHIPRA)															
NEA Foundation Grant															
			76,000	9,903	6/1/10-12/31/11		24,000	30,807		(52)				72,904	
			10,000		10/18/06-10/17/07		4,500	4,552						9,232	
				163,423	63,579		1,371,511	1,330,403		(41,866)	63,579	(9,206)	31,175	2,767,496	

(continue to next page)

HACKENSACK
BOARD OF EDUCATION

Schedule of Expenditures of State Awards and Other Local Awards

Year ended June 30, 2012

		Balance at June 30, 2011					Balance at June 30, 2012					MEMO			
State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Deferred Revenue (Assets Receivable)	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
(continue from prior page)															
Enterprise Fund:															
National School Lunch Program (State Share)	100-010-3350-023	7/1/11-6/30/12	25,763				23,999	25,763			(1,764)				25,763
National School Lunch Program (State Share)	100-010-3350-023	7/1/10-6/30/11	23,007	(1,809)			1,809								23,007
National School Snack Program (State Share)	100-010-3350-022	7/1/11-6/30/12	32,593				30,195	32,593			(2,398)				32,593
National School Snack Program (State Share)	100-010-3350-022	7/1/10-6/30/11	38,099	(3,807)			3,807								38,099
				(5,616)			59,810	58,356			(4,162)				119,462
Capital Projects Fund:															
Additional State School Aid-EDA Grant		6/29/2008	370,527	(74,801)							(74,801)				370,572
High School Window Replacement				(74,801)							(74,801)				370,572
				(1,073,987)	63,579		21,368,795	21,427,046	(41,866)	63,579	(1,346,675)	31,175	141,396	(1,006,525)	26,324,415
Total State Financial Assistance															
Local Sources:															
Special Revenue Fund:															
Reading is Fundamental		7/1/11-6/30/12	2,817				2,817	2,817							2,817
Reading is Fundamental		7/1/10-6/30/11	5,221	10					(10)			10			5,211
Reading is Fundamental		7/1/09-6/30/10	5,222	10					(22)						5,212
Reading is Fundamental		7/1/08-6/30/09	5,223	22					(22)						5,200
Reading is Fundamental		7/1/06-6/30/07	8,328	5					(5)						8,328
Jackson Soundproofing		7/1/02-6/30/06	6,929,550	(45,769)					45,769						6,929,580
Jackson Governor of Excellence		7/1/03-6/30/04	25,000	141					(141)						24,859
Freshman Transition Program		7/1/06-6/30/07	1,500	1					(1)						1,499
Teen Pregnancy Prevention Project		7/1/08-6/30/09	2,600	879					(879)						1,121
Laura Bush Foundation		7/1/10-6/30/11	5,000				2,000	1,000	18			4,000			4,982
MSG Grant		7/1/11-6/30/12	2,000						3,000						1,000
MSG Grant		7/1/09-6/30/10	3,000	1			2,863		(1)			2,863			2,999
Fairmount PTA		7/1/11-6/30/12	2,863				500					500			
Santo V. Sorce		7/1/11-6/30/12	500												
Mark Wahlberg Youth Foundation		7/1/07-6/30/08	5,000	236					(236)						4,764
				(44,464)			8,180	3,817	47,492			7,391			6,997,572
Total Local Sources															
				(44,464)			8,180	3,817	47,492			7,391			7,007,572
Total State and Local Financial Assistance															
			\$	(1,118,451)	63,579		21,376,975	21,430,863	5,626	63,579	(1,346,675)	38,566	141,396	(1,006,525)	33,331,987

See accompanying notes to schedules of federal and state awards.

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal and state award programs of the Board of Education, City of Hackensack School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(237,721) for the general fund and \$-0- for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General Fund	\$569,922	\$19,828,118		\$20,398,040
Special Revenue Fund	2,950,213	1,330,403	\$3,817	4,284,433
Food Service Fund	<u>1,820,503</u>	<u>58,356</u>	<u> </u>	<u>1,878,859</u>
Total Financial Awards	<u>\$5,340,638</u>	<u>\$21,216,877</u>	<u>\$3,817</u>	<u>\$26,561,332</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenues and expenditures reported under the U.S.D.A. Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2012.

NOTE 6. ADJUSTMENTS

Adjustments were made to the client's subsidiary ledger reports to agree balances to the State of New Jersey Department of Education Electronic Web-Enabled Grant (EWEG) System. These adjustments are shown on the Schedule of Expenditures of Federal Awards.

**CITY OF HACKENSACK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported
2. Material weakness(es) identified? yes X no

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? X yes none reported
2. Material weakness(es) identified? yes X no

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>		<u>Name of Federal Program or Cluster</u>
84.027/84.173/ 84.391/84.392	(A)	IDEA, Part B-Basic/IDEA, Part B-Preschool/ ARRA-IDEA, Part B-Basic/ARRA-IDEA, Part B-Preschool
84.010/84.389	(A)	Title I, Part A/ARRA-Title I, Part A
84.410	(A)	Education Jobs Fund

Note: (A) - Tested as Major Type A Program.

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

**CITY OF HACKENSACK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section I - Summary of Auditor's Results, (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 515,881

Auditee qualified as low-risk auditee? _____ yes _____ X no

Type of auditor's report issued on compliance for major programs: unqualified

Internal Control over major programs:

1. Significant deficiencies identified that are not
considered to be material weaknesses? _____ yes _____ X none reported

2. Material weakness(es) identified? _____ yes _____ X no

Any audit findings disclosed that are required to
be reported in accordance with NJ OMB Circular
Letter 04-04? _____ yes _____ X no

Identification of major programs:

<u>GMIS Number(s)</u>		<u>Name of State Program</u>
<u>495-034-5120-089/ 495-034-5120-078/</u>	(A)	<u>Special Education Categorical Aid/Equalization Aid</u>
<u>495-034-5095-002</u>	(A)	<u>Reimbursed TPAF Social Security Contribution</u>
<u>100-034-5120-473</u>	(A)	<u>Extraordinary Aid</u>
<u>495-034-5120-086</u>	(A)	<u>Preschool Education aid</u>

Note: (A) - Tested as Major Type A Program.

**CITY OF HACKENSACK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section II – Financial Statement Findings

NONE

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

FEDERAL AWARDS

Finding 12-1

Information on the state program:

Education Jobs Fund, CFDA number 84.410A Grant Period 7/1/11-6/30/12.

Criteria or specific requirement:

Specific staff that meet eligible criteria to be charged to the grant must be identified by the district.

Condition:

The district has not identified specific staff it plans on charging to Ed Jobs funding that meet the eligible criteria.

Questioned Costs:

None

Context:

Per EDGAR, PART 80 – Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, Section 20, Standards for financial management systems, the district must identified specific staff it plans on charging to the grant.

Effect:

By not identifying specific staff it plans on charging to the grant, the district is not in compliance with the specific grant requirements.

Cause:

Compliance with the guidelines of the grant award requires that the district identify specific staff contributions that meet the definition of school-level staffing for the charging of the Public Employees Retirement System to Ed Jobs funding.

Management's response:

Change in personnel throughout the course of the year delayed identification of specific staff to be charged to Ed Jobs funding, in the future more care will be taken to ensure the timely identification of specific staff.

**CITY OF HACKENSACK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

FEDERAL AWARDS

Finding 12-2

Information on the state program:

Education Jobs Fund, CFDA number 84.410A Grant Period 7/1/11-6/30/12.

Criteria or specific requirement:

Copies of all quarterly ARRA reports must be retained by the district.

Condition:

The district failed to maintain copies of their ARRA quarterly 1512 reports.

Questioned Costs:

None.

Context:

Per EDGAR, PART 80 – Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, Section 20, Standards for financial management systems, the district must identified specific staff it plans on charging to the grant.

Effect:

By not maintaining copies of their ARRA quarterly 1512 reports, the district is not in compliance with the specific grant requirements.

Cause:

The district failed to maintain copies of their ARRA quarterly 1512 reports.

Management's response:

More care will be taken to ensure that all quarterly reports are maintained and made available for review.

**CITY OF HACKENSACK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Status of Prior Year Findings

There were no prior year audit findings.